



SOUTHEAST ALASKA POWER AGENCY

Regular Board Meeting AGENDA

Petersburg Chamber of Commerce | Petersburg, Alaska

Thursday, November 13, 2014 | 12:30 p.m. to 5:30 p.m. AKST
Friday, November 14, 2014 | 8:00 a.m. to 2:00 p.m. AKST

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

AGENDA FOR THURSDAY, NOVEMBER 13, 2014

1. Call to Order
 - A. Roll Call
 - B. Communications/Lay on the Table Items
 - C. Disclosure of Conflicts of Interest
2. Approval of the Agenda
3. Persons to be Heard
4. Review and Approve Minutes
 - A. September 3, 2014 Minutes of Regular Board Meeting
 - B. September 23, 2014 Minutes of Special Board Meeting
5. Financial Reports
 - A. CEO Financial Cover Letter
 - B. Controller Financial Memo
 - C. kWh Graph
 - D. Grant Summary
 - E. Financial Statements – September 2014
 - F. Financial Statements – August 2014
 - G. Financial Statements – July 2014
 - H. R&R Reports
 - I. Disbursement Approvals – August 2014, September 2014 and October 2014
 - J. Presentation and Approval of FY14 Audited Financials
(Joy Merriner of BDO will call at 2:00 p.m.)
6. CEO Report
 - i. Legislative and Agency Affairs
 - ii. Best Practices and Process Improvements
 - iii. Industry Presence and Public Relations
 - iv. Whitman True-up
 - v. Kake-Petersburg Intertie (KPI)
 - vi. Recruitment

7. Operations Manager/Director of Special Projects Reports
 - A. Operations Manager's Report (*Henson*)
 - i. Regulatory
 - ii. Major Contracts
 - iii. Conclusion
 - B. Director of Special Projects Report (*Wolfe*)
 - i. SCADA Update
 - ii. Swan Lake Reservoir Expansion Project
 - iii. Tyee Lake Cooling Water Conversion
 - iv. Tyee Lake Turbine Shutoff Valve
 - v. Demand Side Management Investigations in Conjunction with Load Forecasting
 - vi. Request for Offers of Power and Energy
 - vii. Department of Commerce, Community & Economic Development Grant
 - viii. Tyee Weir
 - ix. Water Management
8. Executive Session Re: Results of Agency's Request for Offers of Power and Energy and Project Development Strategy

AGENDA FOR FRIDAY, NOVEMBER 14, 2014

9. Call to Order
 - A. Roll Call
10. Project Reports
 - A. Swan Lake
 - B. Tyee Lake
11. Old Business
 - A. Consideration of KPU Request for Reimbursement of Diesel Generation
12. New Business
 - A. Consideration and Approval of Resolution No. 2015-056 for Authorization for Filing of Special Use Permit from the USFS for Portion of Power Line Located on National Forest Land Re Kake-Petersburg Intertie
 - B. Consideration and Approval of Contract Award Re: Turbine Spherical Valve Controls Refurbishment Project
 - C. Consideration and Approval of Contract Award Re: Load Forecasting and Demand Side Management Project
 - D. Consideration and Approval of Sole Source Contracts to Morris Kepler Consulting, LLC
 - E. Approval of Rebate to Member Utilities
 - F. Proposed 2015 Meeting Dates
 - G. Executive Session Re Avoided Cost Request, Legal Strategy Re Intervenors in Agency's Application before FERC for Non-Capacity Amendment for its Swan Lake Project, and SEAPA CEO Annual Review
13. Director Comments
14. Adjourn



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

September 3, 2014

Best Western Sunny Point
Ball Room | Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call.* Chairman Sivertsen called the meeting to order at 9:00 a.m. AKDT on September 3, 2014. The following directors and alternates were present, thus establishing a quorum of the board:

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

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

- | | |
|---|--|
| Trey Acteson, Chief Executive Officer | Eric Wolfe, Director of Special Projects |
| Steve Henson, Operations Manager | Kay Key, Controller |
| Sharon Thompson, Executive Assistant | Joel Paisner, Ascent Law Partners |
| Valerie Allen, Administrative Assistant | |

B. *Communications* – none.

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

2) Approval of the Agenda

➤ Motion	M/S (Jensen/Williams) to approve the Agenda, as amended, to add a Flow Chart Presentation by SEAPA's CEO as Item 9.A. under Old Business. The previous Item 9.A. would become 9.B. accordingly. Although it was also requested that the agenda be amended to include consideration of payment of a KPU invoice for diesel, it was the consensus of the board that it be deferred until the next board meeting. Motion approved unanimously by polled vote.	Action 15-343
-----------------	--	------------------

3) **Persons to be Heard** – None.

4) **Review and Approve Minutes**

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

5) **Financial Reports**

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

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

(H) *Disbursement Approvals*

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

6) **CEO Report**

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

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

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

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

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

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

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

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

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

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

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

9) Old Business

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

➤ Motion	M/S (Williams/Ashton) regarding the deferred motion made at the June 25-26, 2014 SEAPA board meeting approving a FY2014 rebate for SEAPA's three municipalities in the amount of \$745,833 is amended to the amount equivalent to a half-cent rebate based on a three-year average of firm power sales. Motion approved unanimously by polled vote.	Action 15-347
-----------------	---	--------------------------

➤ Motion	M/S (Sivertsen/McConachie) to send a letter with this year's rebate that the board is considering not giving rebates or reducing them due to the construction at Swan Lake. Motion approved unanimously by polled vote.	Action 15-348
-----------------	---	--------------------------

10) **New Business**

A. *Arc Flash Study.*

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

B. *Employee Benefits Plan FY 2015 Renewal Rates*

<p>➤ Motion</p>	<p>M/S (Jamieson/Ashton) to direct staff to renew NRECA employee group benefit plans as presented. Motion approved unanimously by polled vote.</p>	<p>Action 15-350</p>
------------------------	--	--------------------------

C. *Resolution 2015-55 Re AEA Round VIII Renewable Energy Grant Program Applications*

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

D. *Whitman True-up Agreement*

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

E. *Executive Session*

<p>➤ Motion</p>	<p>M/S (Williams/Jamieson) to recess into Executive Session to conduct an annual evaluation of SEAPA's Chief Executive Officer. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310 as the discussions may include a person or subject that may tend to prejudice the reputation or character of a person. Motion approved unanimously by polled vote.</p>	<p>Action 15-353</p>
------------------------	--	--------------------------

The meeting recessed at 3:40 p.m. for the Executive Session. The meeting resumed at 4:48 p.m. No action was taken during the Executive Session.

F. *Set Next Meeting Date.*

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

11) Director Comments – Directors provided brief comments.

12) Adjourn

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

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

Signed:

Attest:

Secretary/Treasurer

Chairman



SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

September 23, 2014

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

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

1) Call to Order

- A. *Roll Call.* Chairman Sivertsen called the meeting to order at 10:00 a.m. AKDT on September 23, 2014. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Bob Sivertsen		Swan Lake	Ketchikan
Lew Williams ¹ (telephonic)	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson (telephonic)	John Jensen (telephonic)	Tyee Lake	Petersburg
Brian Ashton ² (telephonic)	Clay Hammer (telephonic)	Tyee Lake	Wrangell
Christie Jamieson (telephonic)	Don McConachie (telephonic)	Tyee Lake	Wrangell

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

Trey Acteson, Chief Executive Officer	Kay Key, Controller
Sharon Thompson, Executive Assistant	Joel Paisner, Ascent Law Partners

2) Approval of the Agenda

➤ Motion	M/S (Jamieson/Freeman) to approve the SEAPA Special Board Meeting agenda as presented. Motion approved unanimously by polled vote.	Action 15-354
-----------------	--	------------------

3) New Business

- A. *Morris Kepler Consulting, LLC Contract*

➤ Motion	M/S (Jamieson/Hammer) to authorize staff to enter into a contract with Morris Kepler Consulting, LLC, as a sole source provider, for the not-to-exceed value of \$42,500 for the tasks required to construct a ¼ scale, three-bay model of an automatic-mechanical mechanism for SEAPA's Swan Lake Reservoir Expansion Project, with funding to be expended from SEAPA's FY15 Revenue Fund, which will be reimbursed	Action 15-355
-----------------	--	------------------

¹ Mr. Williams joined the meeting telephonically at 10:13 a.m.

² Mr. Ashton joined the meeting telephonically at 10:06 a.m.

by the State's Department of Commerce, Community, and Economic Development grant funds. Motion passed 4-1 with Mr. Ashton, Ms. Jamieson, Mr. Sivertsen, and Mr. Williams voting in favor, and Mr. Nelson voting no.

B. *Executive Session*

➤ **Motion**

M/S (Sivertsen/Williams) to recess into Executive Session to conduct further discussions relating to an annual evaluation of SEAPA's Chief Executive Officer. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310 as the discussions may include a person or subject that may tend to prejudice the reputation or character of a person. Motion approved unanimously by polled vote.

Action
15-356

The meeting recessed at 10:29 a.m. for the Executive Session. The meeting resumed at 10:53 a.m. No action was taken during the Executive Session. Chairman Sivertsen announced that discussions would continue and be finalized at the next regular board meeting.

4) **Director Comments** – None.

5) **Adjourn**

Chairman Sivertsen announced the meeting was adjourned at 10:55 a.m. AKDT.

Signed:

Attest:

Secretary/Treasurer

Chairman



Southeast Alaska Power Agency CEO Financial Cover Letter

DATE: November 6, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

SEAPA's annual audit was conducted by BDO the week of October 20th. Ms. Joy Merriner (BDO Assurance Director) will call in and address the Board on November 13th. She will provide a summary of the findings and answer any questions the Board may have regarding the audit process. The audit results were very positive and validated that SEAPA's financial business processes are in conformance with governmental accounting standards. The audit confirmed no significant change to SEAPA's financial position, paving the way for final authorization to issue proposed rebates. This will be covered under new business. Please refer to the Management Discussion & Analysis (MD&A) for additional audit highlights.

FY15 revenues through October are significantly under budget by \$696,388. This is due to warmer than average temperatures and favorable inflows. An often overlooked benefit of the Power Sales Agreement is that our member utilities get to maximize the use of their own hydro assets before taking power from SEAPA. The result is SEAPA sales are usually lower when inflows are high. In regard to the FY15 administrative and operating expenses, they are tracking less than 1% under budget through September.

The final principal and interest payments totaling \$21,446,987.50 were made to bondholders of the Series 2004AB Alaska Electric Revenue Bonds on the call date of July 1, 2014. As of June 30, 2014, this escrow account was reported as a Trustee Fund in the Statement of Financial Position, account 112400 WF Refund 2004AB Escrow, at the value of \$1.17, the difference between the amount held in escrow and the liability owed.

As reported earlier to the Board, \$4.77 million of our 2009 bonds became eligible for refunding at the end of June 2014. This essentially means we have an opportunity to "refinance" this portion and save some money. My earlier recommendation was to delay this process, monitor the market, and firm up our capital needs for the Swan Lake Reservoir Expansion Project. This has proven to be a good decision as the Bond market has continued to improve and the cost estimate for Swan is maturing through our value engineering efforts. Mr. Paisner and I recently discussed the timing of a refinance with our financial advisor (Alan Dashen & Associates) and previous underwriter (Piper Jaffrey). Both emphasized that the market is very favorable right now and recommended we position ourselves to take advantage of potential savings. Preparation will take 2-3 months and our financial advisor is drafting a schedule that outlines the process. I have also asked that different scenarios be developed to illustrate options for Board consideration. I will discuss this in greater detail during our upcoming meeting.

New accounts were created in August to record expenses related to the transition of Tye Lake daily operations to SEAPA. You will find Special Item-Tye Transition (950002) on the Statement of Activities; the PERS one-time transition cost of \$159,440 and unfunded liability of \$488,768 were recorded there. The Retiree Benefits TYL-PERS account (926250) displays expected current-year expense of \$35,357. The long-term PERS liability, expected to run until year 2031, is also shown on the statement of Net Position in PERS Unfunded Liability WRG (220121). All PERS figures are estimates based upon a termination study that will be updated by the State later this fiscal year.

The ARECA Insurance Exchange is holding \$242,499 in a Subscriber Savings Account assigned to SEAPA and payable in March 2018. This was recorded as a long-term receivable (183001) and an offset to Special Item-Tye Transition (950002).

DATE: November 6, 2014
TO: Trey Acteson
FROM: Kay Key
SUBJECT: Financial Reports



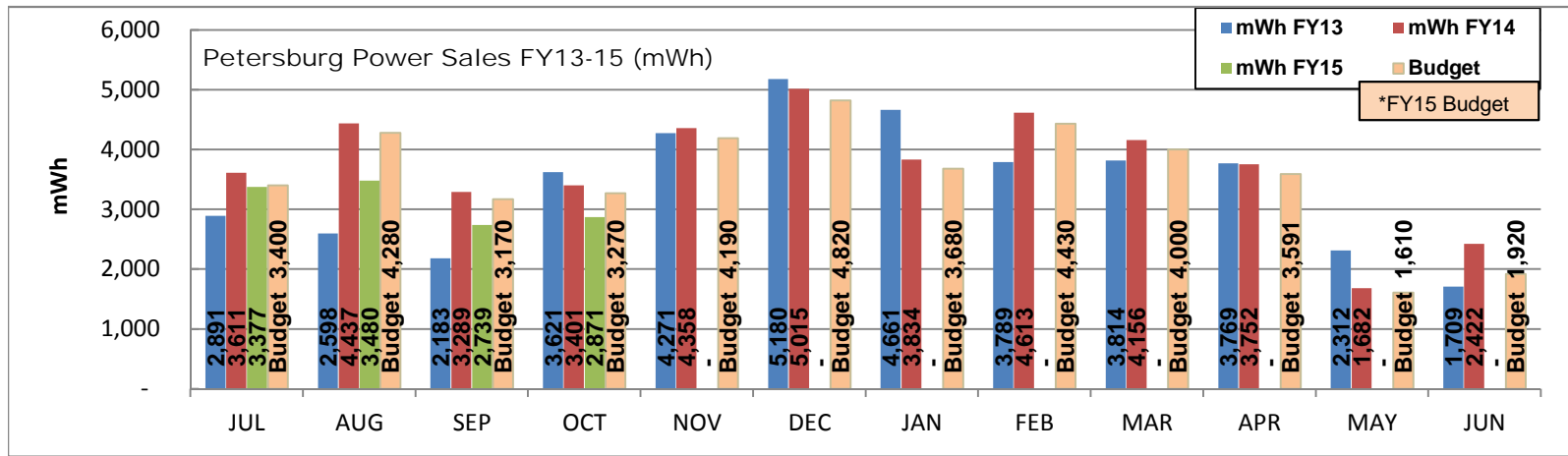
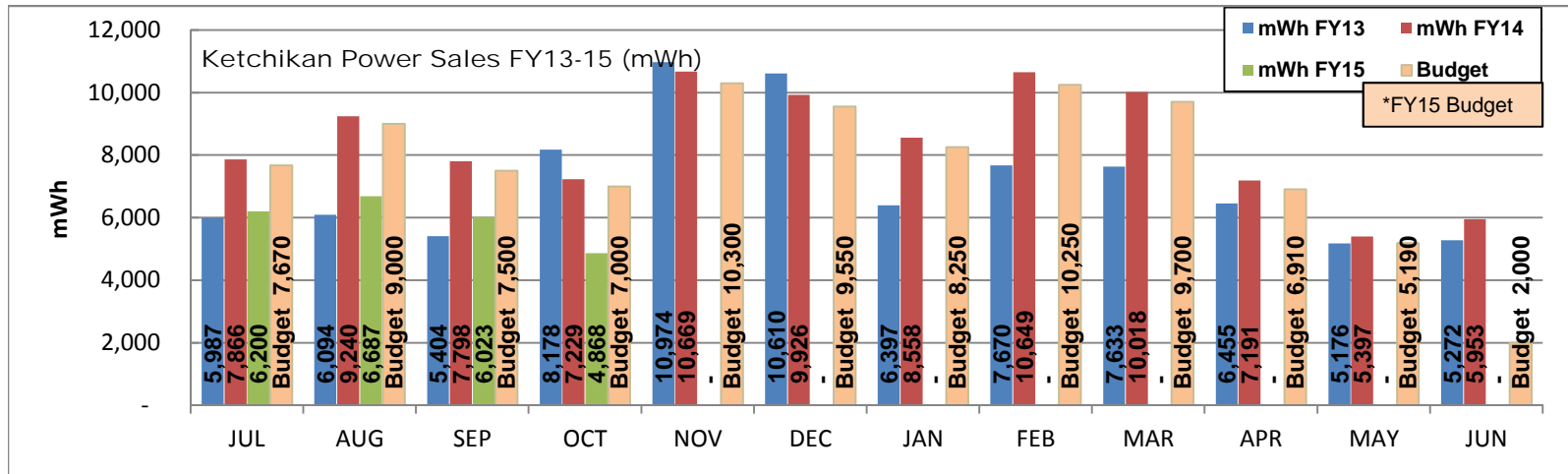
Financial reports included in the board packet for November 13-14 are as follows:

- **kWh Graph - YTD** (through October, 2014)
- **Grant Summary** (through September, 2014)
- **Monthly Financial Statements for July, August and September, 2014:**
 - ✓ Cover Memo
 - ✓ Fund Allocation Graph
 - ✓ Statement of Financial Position – Summary
 - ✓ Statement of Activities – Summary
 - ✓ Statement of Financial Position – Detail
 - ✓ Statement of Activities – Budget Comparison
- **R&R Reports** (through September, 2014)
 - ✓ R&R Summary
 - ✓ R&R Detail
- **Disbursement Summary – August, September, October**

SUGGESTED MOTION
I move to approve financial statements for the months of July, August and September 2014.

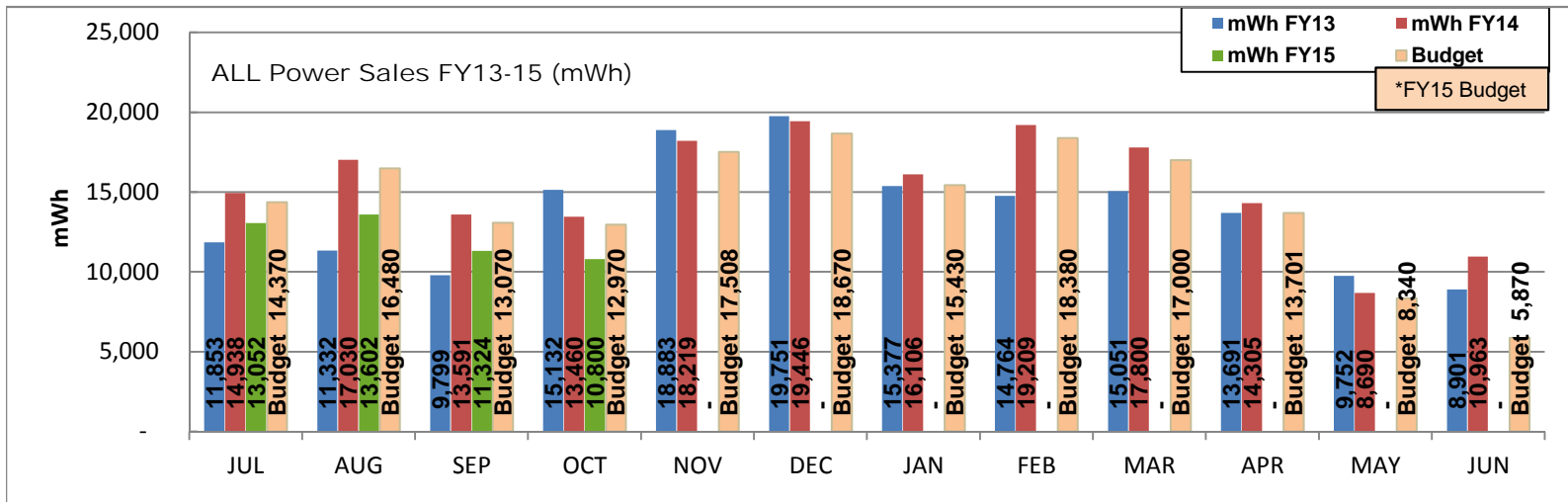
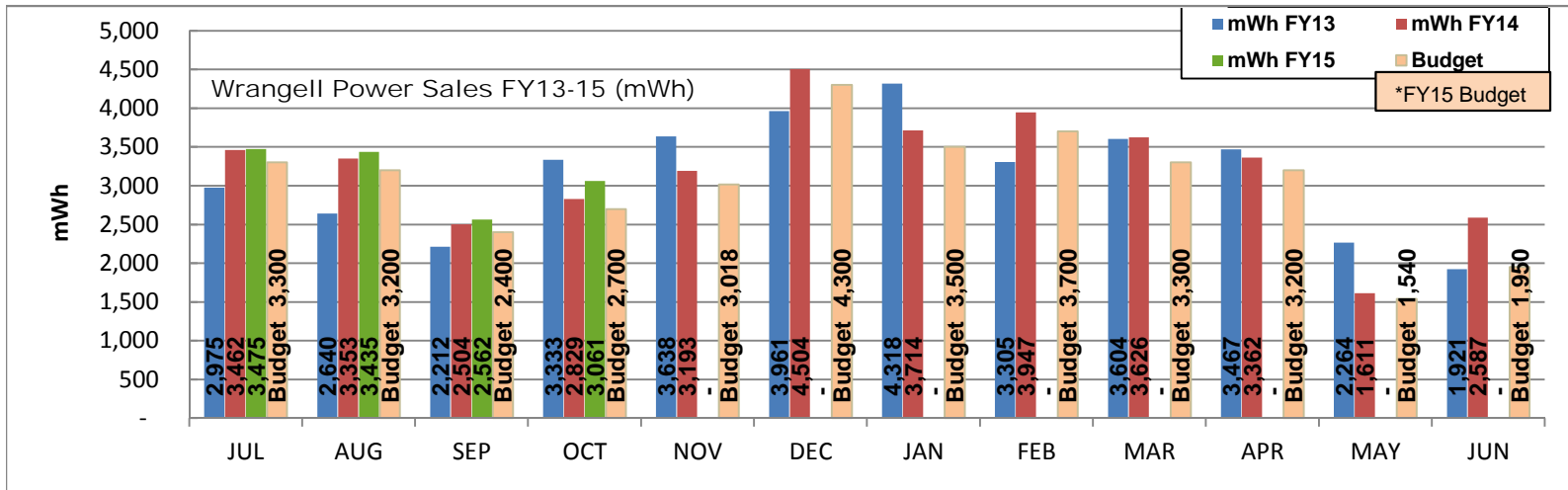
SOUTHEAST ALASKA POWER AGENCY Power Sales - FY13 through FY15

OCT. 2015	FY15 kWh Hydropower Sales	Current Month		Year-To-Date	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	4,868,000	7,000,000	23,778,000	31,170,000
Petersburg Power Purchases	2,870,960	3,270,000	12,466,600	14,120,000	
Wrangell Power Purchases	3,061,360	2,700,000	12,533,420	11,600,000	
Total Power Purchases	10,800,320	12,970,000	48,778,020	56,890,000	



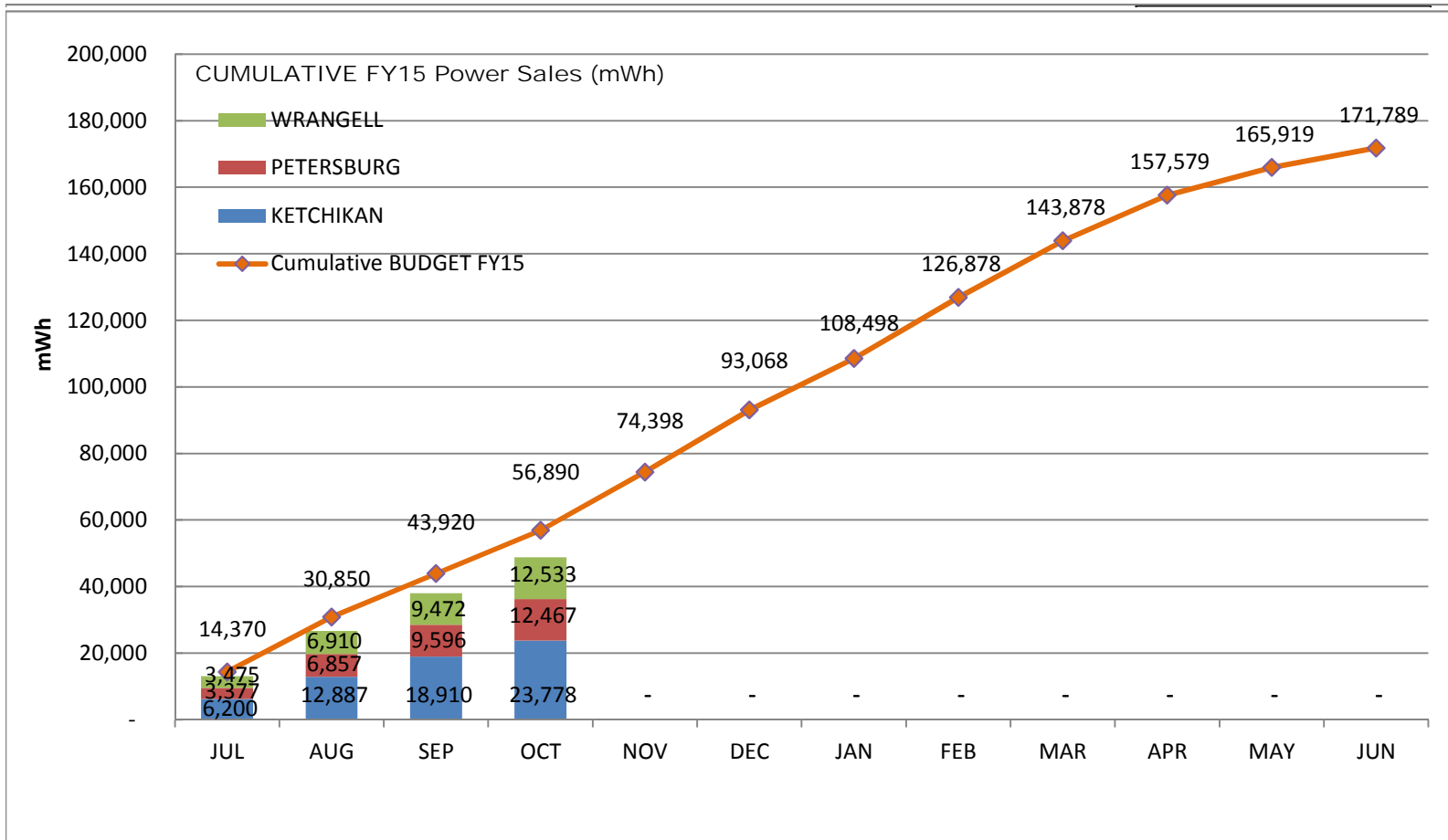
SOUTHEAST ALASKA POWER AGENCY Power Sales - FY13 through FY15

OCT. 2015	FY15 kWh Hydropower Sales	Current Month		Year-To-Date	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	4,868,000	7,000,000	23,778,000	31,170,000
Petersburg Power Purchases	2,870,960	3,270,000	12,466,600	14,120,000	
Wrangell Power Purchases	3,061,360	2,700,000	12,533,420	11,600,000	
Total Power Purchases	10,800,320	12,970,000	48,778,020	56,890,000	



SOUTHEAST ALASKA POWER AGENCY Power Sales - FY13 through FY15

OCT. 2015	FY15 kWh Hydropower Sales	Current Month		Year-To-Date	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	4,868,000	7,000,000	23,778,000	31,170,000
	Petersburg Power Purchases	2,870,960	3,270,000	12,466,600	14,120,000
	Wrangell Power Purchases	3,061,360	2,700,000	12,533,420	11,600,000
	Total Power Purchases	10,800,320	12,970,000	48,778,020	56,890,000



SOUTHEAST ALASKA POWER AGENCY
FY15 Grant Summary
as of SEPTEMBER 30, 2014

	<u>Grant</u>	<u>Expenditures</u>	<u>Balance</u>
Grant Income			
*FY13 AEA KPI#1			
1 - Project Mgmt	320,000	172,237	147,763
2 - EIS	1,030,000	831,986	198,014
3 - Engineering / Design	1,613,298	172,562	1,440,736
5 - SE Conference	26,702	26,702	(0)
Total FY13 AEA KPI#1	<u>2,990,000</u>	<u>1,203,486</u>	<u>1,786,514</u>
FY13 AEA KPI#2			
1 - Unallocated	2,000,000	0	2,000,000
Total FY13 AEA KPI#2	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
FY13 DCCED			
1 - Hydro Storage	578,000	326,816	251,184
2 - G&T Site Evaluation	1,705,000	496,947	1,208,053
3 - Stability / Interconnectiv	146,000	0	146,000
4 - Load Balance Model	112,000	0	112,000
5 - Project Mgmt	309,000	150,659	158,341
6 - Business Analysis / PSA	150,000	48,015	101,985
Total FY13 DCCED	<u>3,000,000</u>	<u>1,022,436</u>	<u>1,977,564</u>
FY15 DCCED			
	<u>3,320,000</u>	<u>0</u>	<u>3,320,000</u>
	<u>3,320,000</u>	<u>0</u>	<u>3,320,000</u>
TOTAL	<u><u>11,310,000</u></u>	<u><u>2,225,923</u></u>	<u><u>9,084,077</u></u>

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

DATE: November 4, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson
SUBJECT: **Financial Reports – SEPTEMBER, 2014**



Financial reports for September, 2014 follow this memo. The following are a few brief highlights:

September, 2014 revenues from kWh sales were under budget:

\$770,029 actual vs. \$888,760 budget.

- Ketchikan - \$409,564 actual vs. \$610,000 budget
- Petersburg - \$186,257 actual vs. \$215,560 budget
- Wrangell - \$174,208 actual vs. \$163,200 budget

Year-to-date (July – September) revenues from kWh sales were also below budget:

\$2,582,484 actual vs. \$2,986,560 budget.

- Ketchikan - \$1,285,880 actual vs. \$1,643,560 budget
- Petersburg - \$652,504 actual vs. \$737,800 budget
- Wrangell - \$644,100 actual vs. \$605,200 budget

September, 2014 sales in kWh · 11,323,960

September, 2013 sales in kWh · 13,591,220

September, 2012 sales in kWh · 9,799,270

Year-to-date (July – September, 2014) sales in kWh – 37,977,700

Year-to-date (July – September, 2013) sales in kWh – 45,559,440

Year-to-date (July – September, 2012) sales in kWh – 32,984,740

Administrative and operating expenses for September, 2014 were on budget:

\$598,838 actual vs. \$596,340 budget

Year-to-date administrative and operating expenses (July – September) were also

on budget: \$1,571,335 actual vs. \$1,584,900 budget.

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

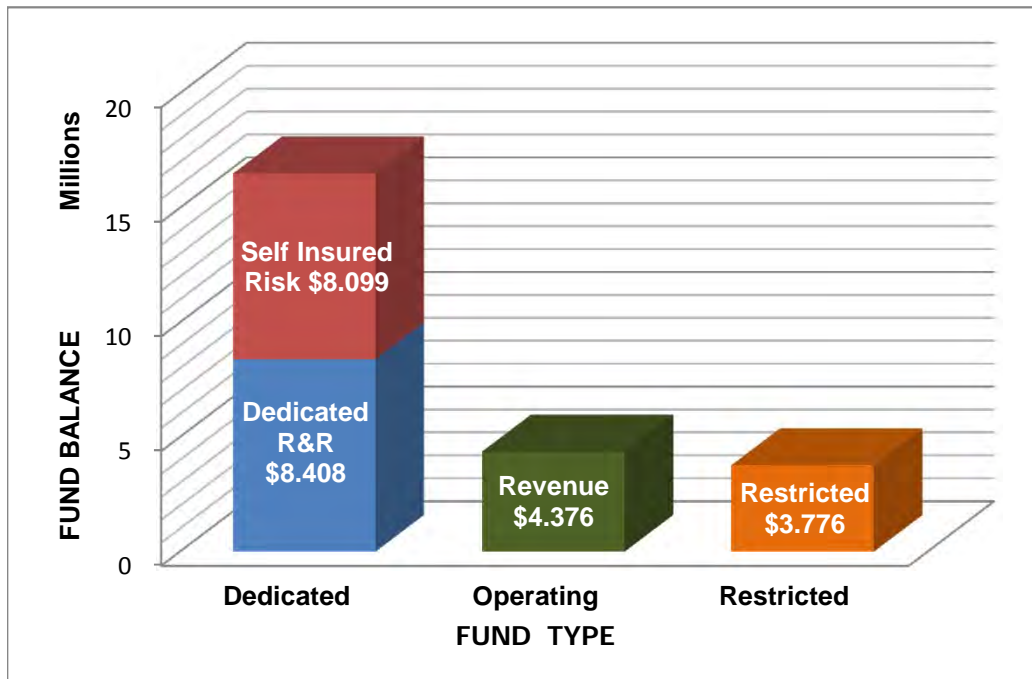
SOUTHEAST ALASKA POWER AGENCY

Fund Allocation Graph

SEPTEMBER 2014

Agency Funds

111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	4,372,782
111200 · Required R&R Fund FB	1,000,764
111210 · Dedicated R&R Projects Fund FB	8,408,302
111300 · Commercial FB	2,771
111400 · Subordinate Debt Fund FB	310
111500 · Self Insured Risk Fund FNBA	<u>8,099,428</u>
Total 111000 · Ops/Capital/Insurance Funds	21,884,356
112000 · Trustee Funds	
112100 · WF Trust Bond Interest	264,362
112200 · WF Trust Bond Principal	302,116
112300 · WF Trust Bond Reserve	<u>1,409,969</u>
Total 112000 · Trustee Funds	1,976,446
113000 · Other Restricted Funds	
113100 · STI - USFS CD WF	21,618
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,874</u>
Total Agency Funds	<u><u>24,659,676</u></u>



Dedicated Funds

Self-Insured Risk = Coverage for uninsured transmission lines, submarine cables and insurance deductibles.
 Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the FY14 budget.

Operating Funds

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

Restricted Funds (Legally or contractually restricted)

Bonds = All Trustee Funds: Bond Interest, Principal, Reserve and Escrow accounts
 R&R = \$1,000,000 minimum balance required by bond indenture
 DNR = Alaska DNR Reclamation Agreement
 USFS = USFS Land Remediation Certificate of Deposit

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

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Fund 21,884,356

112000 · Trustee Funds 1,976,446

113000 · Other Restricted Funds 798,874

Total Agency Funds 24,659,676

Accounts Receivable

110000 · Accounts Receivable 1,623,483

110100 · Grants Receivable 242,347

Total Accounts Receivable 1,865,830

Other Current Assets

120000 · Other Current Assets 451,750

Total Other Current Assets 451,750

Total Current Assets 26,977,256

Fixed Assets

130000 · Fixed Assets 130,672,122

Total Fixed Assets 130,672,122

Other Assets

183000 · Deferred Assets 244,799

Total Other Assets 244,799

TOTAL ASSETS 157,894,177

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 973,029

Total Accounts Payable 973,029

Other Current Liabilities

210150 · Other Current Liabilities 1,089,590

210300 · Reserve Interest Payable 209,405

210400 · Wages Payable 121,117

210500 · Payroll Liabilities 10,696

Total Other Current Liabilities 1,430,808

Total Current Liabilities 2,403,837

Long Term Liabilities

220000 · Long Term Liabilities 13,786,867

Total Long Term Liabilities 13,786,867

Total Liabilities 16,190,704

Net Position

310000 · Net Position 142,439,177

Net Income (735,704)

Total Net Position 141,703,473

TOTAL LIABILITIES & NET POSITION 157,894,177

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities Summary
SEPTEMBER 2014

Ordinary Income/Expense	
Income	
410000 · Hydro Facility Revenues	770,029
Total Income	<u>770,029</u>
Gross Profit	770,029
Expense	
535000 · Hydro Ops-Suprvsn & Engineering	7,571
538000 · Electric Expenses	11,354
539000 · Misc Power Generation Expense	28,269
540000 · Rents	10,602
541000 · Hydro Power Station Maintenance	2,920
543000 · Dams, Reservoirs & Waterways	34,363
544000 · Maintenance of Electric Plant	101,115
545000 · Plant Miscellaneous Maintenance	3,813
561000 · Trans/Gen SCADA	1,497.57
562000 · Trans/Operations Station Exp	2,039
571000 · Trans/Maint Overhead Lines(OHL)	169,250
920000 · Administrative Expenses	93,636
921000 · Office Expenses	13,020
922000 · Legislative Affairs	4,000
923000 · Contract Services	28,072
924000 · Insurance	41,837
928000 · Regulatory Commission Expense	14,109
930000 · General Expenses	26,312
931000 · Admin Rent	5,059
Total Expense	<u>598,838</u>
Net Ordinary Income	171,192
Other Income/Expense	
Other Income	
941000 · Grant Income	242,347
942000 · Interest Income	14,443
944000 · Realized Gain/Loss	(28,390)
945000 · Unrealized Gain/Loss	15,512
Total Other Income	<u>243,912</u>
Other Expense	
952000 · Bond Interest 2009 Series	53,971
953000 · Depreciation Expense	338,483
954000 · Grant Expenses	246,523
954100 · Contributed Capital	(37,631.19)
Total Other Expense	<u>601,346</u>
Net Other Income	<u>(357,434)</u>
Net Income	<u><u>(186,242)</u></u>

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

ASSETS	
Current Assets	
Agency Funds	
111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	4,372,782
111200 · Required R&R Fund FB	1,000,764
111210 · Dedicated R&R Projects Fund FB	8,408,302
111300 · Commercial FB	2,771
111400 · Subordinate Debt Fund FB	310
111500 · Self Insured Risk Fund FNBA	<u>8,099,428</u>
Total 111000 · Ops/Capital/Insurance Funds	21,884,356
112000 · Trustee Funds	
112100 · WF Trust Bond Interest	264,362
112200 · WF Trust Bond Principal	302,116
112300 · WF Trust Bond Reserve	<u>1,409,969</u>
Total 112000 · Trustee Funds	1,976,446
113000 · Other Restricted Funds	
113100 · STI - USFS CD WF	21,618
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,874</u>
Total Agency Funds	24,659,676
Accounts Receivable	
110000 · Accounts Receivable	1,623,483
110100 · Grants Receivable	<u>242,347</u>
Total Accounts Receivable	1,865,830
Other Current Assets	
120000 · Other Current Assets	
120200 · Other Receivables	4,306
120300 · Accrued Interest Receivable	21,095
120500 · Prepaid Fees	
120520 · Prepaid Insurance	299,275
120530 · Prepaid Operating Expense	31,569.13
120540 · Prepaid USDA FS Land Use Fees	19,588
120550 · Prepaid Admin Benefits	<u>67,774</u>
Total 120500 · Prepaid Fees	418,206
120700 · Inventory Assets	
120701 · Inventory - Wood Poles	<u>8,143</u>
Total 120700 · Inventory Assets	<u>8,143</u>
Total 120000 · Other Current Assets	<u>451,750</u>
Total Other Current Assets	<u>451,750</u>
Total Current Assets	26,977,256

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

Fixed Assets	
130000 · Fixed Assets	
130100 · Capital Assets	
130110 · Swan Lake	16,390,545
130120 · Tyee Lake	27,650,797
130130 · SEAPA Office	733,897
132100 · Swan Tyee Intertie in Operation	<u>111,578,874</u>
Total 130100 · Capital Assets	156,354,113
132200 · R&R Projects WIP Capital Improv	
132210 · R&R Projects - WIP Swan Lake	
1322100 · R&R WIP SWL- Reservoir Increase	
1322101 · WIP SWL Agency Permits/Environm	697,239
1322103 · WIP SWL Equipment	2,261
1322104 · WIP SWL Engineering/Design	344,552
1322105 · WIP SWL Legal	1,260
1322106 · WIP SWL Project Mgmt/Professnal	<u>130,099</u>
Total 1322100 · R&R WIP SWL- Reservoir Increase	1,175,411
132210 · R&R Projects - WIP Swan Lake - Other	<u>679,066</u>
Total 132210 · R&R Projects - WIP Swan Lake	1,854,478
132220 · R&R Projects - WIP Tyee Lake	412,333
132230 · R&R Projects - WIP STI-Transmsn	64,430
132240 · R&R Projects - WIP SEAPA Office	41,577
132200 · R&R Projects WIP Capital Improv - Other	<u>650</u>
Total 132200 · R&R Projects WIP Capital Improv	2,373,468
1328100 · Capital Inventory SWL	
1328101 · Inventory-SWL Winding Replacmnt	<u>890,405</u>
Total 1328100 · Capital Inventory SWL	890,405
132900 · Accumulated Depreciation	<u>(28,945,865)</u>
Total 130000 · Fixed Assets	<u>130,672,122</u>
Total Fixed Assets	130,672,122
Other Assets	
183000 · Deferred Assets	
183001 · Long Term Receivable	242,499.00
183300 · Meterological Tower	<u>2,300</u>
Total 183000 · Deferred Assets	<u>244,799</u>
Total Other Assets	<u>244,799</u>
TOTAL ASSETS	<u><u>157,894,177</u></u>

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

LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
210100 · Accounts Payable General	973,029
Total Accounts Payable	<u>973,029</u>
Other Current Liabilities	
210150 · Other Current Liabilities	1,089,590
210300 · Reserve Interest Payable	209,405
210400 · Wages Payable	121,117
210500 · Payroll Liabilities	
210522 · SUI Tax Payable	1,335
210531 · IBEW H&W Payable	5,761.00
210541 · IBEW Pension Payable	2,816.00
210550 · IBEW Dues Payable	783.38
Total 210500 · Payroll Liabilities	<u>10,696</u>
Total Other Current Liabilities	<u>1,430,808</u>
Total Current Liabilities	2,403,837
Long Term Liabilities	
220000 · Long Term Liabilities	
220100 · Series B Bonds 2009	13,400,000
220110 · Bond Issuance Premium	8,226
220120 · Bond Discount	(110,127)
220121 · PERS Unfunded Liability WRG	488,767.86
Total 220000 · Long Term Liabilities	<u>13,786,867</u>
Total Long Term Liabilities	<u>13,786,867</u>
Total Liabilities	16,190,704
Net Position	
310000 · Net Position	
3100001 · Net Investment Capital Assets	117,992,794
3100002 · Restricted for Debt Service	1,359,425
3100003 · Restricted by External Agreement	798,874
3100004 · Unrestricted	22,288,083
Total 310000 · Net Position	<u>142,439,177</u>
Net Income	<u>(735,704)</u>
Total Net Position	<u>141,703,473</u>
TOTAL LIABILITIES & NET POSITION	<u><u>157,894,177</u></u>

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison

SEPTEMBER 2014

	Jul 14	Budget	Jul-Sep '14	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
410000 · Hydro Facility Revenues					
410100 · Ketchikan Power Purchases	409,564	510,000	1,285,880	1,643,560	6,345,760
410200 · Petersburg Power Purchases	186,257	215,560	652,504	737,800	2,880,548
410300 · Wrangell Power Purchases	174,208	163,200	644,100	605,200	2,455,344
Total 410000 · Hydro Facility Revenues	770,029	888,760	2,582,484	2,986,560	11,681,652
Total Income	770,029	888,760	2,582,484	2,986,560	11,681,652
Gross Profit	770,029	888,760	2,582,484	2,986,560	11,681,652
Expense					
535000 · Hydro Ops-Suprvsn & Engineering					
535100 · Hyd/Ops Sup & Eng - Swan Lake	-	2,170	-	10,140	36,180
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	2,305	110	2,525	500	9,850
535200 · Hyd/Ops Sup & Eng - Tyee Lake	1,409	22,540	69,121	72,730	310,690
535250 · Hyd/Ops Sup & Eng -TYL SEAPA	2,607	-	2,607	-	33,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	1,250	7,000	2,350	19,000	133,600
535700 · Hyd/Op Sup & Eng - 4R Plan	-	400	-	1,200	5,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	7,571	32,220	76,603	103,570	528,820
537000 · Hydraulic Expenses					
537150 · Hydraulic Expense - SWL SEAPA	-	-	-	-	4,000
537250 · Hydraulic Expense - TYL SEAPA	-	-	-	-	6,000
Total 537000 · Hydraulic Expenses	-	-	-	-	10,000
538000 · Electric Expenses					
538100 · Electric Expense - Swan Lake	533	1,000	1,666	3,250	13,250
538150 · Electric Expense - SWL SEAPA	2,075	3,000	18,872	3,000	30,000
538200 · Electric Expense - Tyee Lake	5,113	1,000	6,507	3,000	12,000
538250 · Electric Expense - TYL SEAPA	3,634	3,000	9,272	3,000	30,000
Total 538000 · Electric Expenses	11,354	8,000	36,316	12,250	85,250
539000 · Misc Power Generation Expense					
539100 · Misc Exp - Swan Lake	12,393	10,000	33,430	30,000	130,690
539150 · Misc Expense - SWL SEAPA	3,429	7,200	7,883	11,200	83,200
539200 · Misc Expense - Tyee Lake	4,135	1,060	38,994	38,370	80,500
539250 · Misc Expense - TYL SEAPA	8,312	15,000	28,081	37,000	181,000
Total 539000 · Misc Power Generation Expense	28,269	33,260	108,388	116,570	475,390
540000 · Rents					
540300 · FERC Land Use Fee - Swan Lake	876	1,000	2,627	3,000	12,000
540400 · FERC Land Use Fee - Tyee Lake	3,196	5,220	9,589	15,660	40,000
540500 · USDA Land Use Fee - USFS ROW	1,570	1,650	4,711	4,950	20,000
540600 · USDA Land Use Fee - STI	4,810	4,800	14,429	14,400	58,000
540700 · USDA Tyee Passive Reflector	105	110	316	310	1,300
540710 · USDA Etolin Burnett Radio	44	50	133	150	600
Total 540000 · Rents	10,602	12,830	31,805	38,470	131,900
541000 · Hydro Power Station Maintenance					
541100 · Maint/Supervision - Swan Lake	2,882	400	6,317	11,200	19,000
541150 · Maintenance - SWL SEAPA	-	150	9,929	3,500	5,000
541200 · Maint/Supervision - Tyee Lake	38	1,000	7,480	1,000	10,000
541250 · Maintenance - TYL SEAPA	-	1,000	-	1,000	10,000
Total 541000 · Hydro Power Station Maintenance	2,920	2,550	23,725	16,700	44,000
543000 · Dams, Reservoirs & Waterways					
543150 · Dams Res & Waterwys - SWL SEAPA	-	3,120	-	3,120	10,000
543200 · Dams Res & Waterwys - Tyee Lake	4,769	1,500	4,769	1,500	2,500
543250 · Dams Res & Waterwys - TYL SEAPA	29,594	6,500	30,859	8,300	39,075
Total 543000 · Dams, Reservoirs & Waterways	34,363	11,120	35,628	12,920	51,575

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison

SEPTEMBER 2014

	Jul 14	Budget	Jul-Sep '14	YTD Budget	Annual Budget
544000 · Maintenance of Electric Plant					
544100 · Maint Electric Plant-Swan Lake	48,877	45,000	156,428	150,000	581,000
544200 · Maint Electric Plant-Tyee Lake	-	-	81,946	82,000	82,000
5442900 · TYL Plant Wages & Benefits					
5442911 · TYL Plant Wages/PTO	34,043	29,000	29,942	29,000	312,600
5442912 · TYL Plant Wages OT	1,512	1,000	1,512	1,000	27,300
5442920 · TYL Plant Benefit - Taxes	2,960	3,000	2,960	3,000	30,000
5442930 · TYL Plant Benefits - Insurance	9,635	6,450	9,635	6,450	64,500
5442940 · TYL Plant Benefits - Retirement	4,088	5,000	4,088	5,000	60,100
Total 5442900 · TYL Plant Wages & Benefits	52,238	44,450	48,137	44,450	494,500
Total 544000 · Maintenance of Electric Plant	101,115	89,450	286,511	276,450	1,157,500
545000 · Plant Miscellaneous Maintenance					
545100 · Plant Misc Maint - Swan Lake	945	2,000	6,015	10,000	42,000
545150 · Plant Misc Maint - SWL SEAPA	1,425	-	33,442	-	24,100
545200 · Plant Misc Maint - Tyee Lake	1,442	2,950	8,273	3,010	17,500
545250 · Plant Misc Maint - TYL SEAPA	-	-	51	4,480	5,650
Total 545000 · Plant Miscellaneous Maintenance	3,813	4,950	47,782	17,490	89,250
561000 · Trans/Gen SCADA					
561150 · Trans/Gen SCADA - SWL SEAPA	686	3,500	686	3,500	35,000
561250 · Trans/Gen SCADA - TYL SEAPA	811	3,500	811	3,500	35,000
Total 561000 · Trans/Gen SCADA	1,498	7,000	1,498	7,000	70,000
562000 · Trans/Operations Station Exp					
562100 · Trans/Ops Station - Swan Lake	315	150	13,184	13,450	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	250	-	1,750	35,000
562200 · Trans/Ops Station - Tyee Lake	1,724	1,010	7,006	2,840	26,000
562250 · Trans/Ops Station-TYL SEAPA	-	2,000	8,596	14,000	83,500
Total 562000 · Trans/Operations Station Exp	2,039	3,410	28,786	32,040	159,500
564000 · Trans/Submarine Cable Expense					
564200 · Trans/Sub Cable Exp - Tyee Lake	-	1,000	-	1,500	12,000
564250 · Trans/Sub Cable Exp - TYL SEAPA	-	1,000	-	1,000	10,000
Total 564000 · Trans/Submarine Cable Expense	-	2,000	-	2,500	22,000
571000 · Trans/Maint Overhead Lines(OHL)					
571100 · Trans/Maint OHL - Swan Lake	-	-	-	3,300	15,000
571150 · Trans/Maint OHL - SWL SEAPA	-	-	446	-	248,630
571151 · Trans/Maint OHL - SWL ROW Clear	-	-	-	-	250,000
571200 · Trans/Maint OHL - Tyee Lake	105	3,850	20,258	24,820	53,600
571250 · Trans/Maint OHL - TYL SEAPA	13,303	-	135,305	121,320	494,380
5712900 · TYL Brushing Wages & Benefits					
5712911 · TYL Brushing Wages/PTO	5,760	12,000	5,527	12,000	123,000
5712912 · TYL Brushing Wages OT	129	2,000	129	2,000	6,200
5712920 · TYL Brushing Benefit - Taxes	945	750	945	750	10,500
5712930 · TYL Brushing Benefit- Insurance	4,985	3,500	4,985	3,500	33,500
5712940 · TYL Brushing Benefit- Retirement	1,295	1,000	1,295	1,000	19,000
Total 5712900 · TYL Brushing Wages & Benefits	13,114	19,250	12,881	19,250	192,200
571300 · Trans/Maint OHL STI Maintenance	142,727	144,950	142,727	144,950	304,150
571600 · Trans/Maint OHL Spare Mat Stor	-	-	-	-	500
571800 · Trans/Maint OHL System Events	-	-	-	-	100,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	169,250	168,050	311,618	313,640	1,658,460

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison

SEPTEMBER 2014

	Jul 14	Budget	Jul-Sep '14	YTD Budget	Annual Budget
920000 · Administrative Expenses					
920100 · Admin Wages & Benefits					
9201911 · Admin Wages/PTO	58,482	60,000	139,436	155,000	805,000
9201912 · Admin Wages - Overtime	-	-	-	-	1,000
9201920 · Admin Benefit - Taxes	3,837	4,800	10,880	12,600	57,300
9201930 · Admin Benefit - H&W Insurance	11,662	15,000	28,630	35,500	182,100
9201940 · Admin Benefit - Retirement	19,655	20,000	50,150	50,000	246,700
920100 · Admin Wages & Benefits - Other	-	-	-	-	-
Total 920100 · Admin Wages & Benefits	93,636	99,800	229,096	253,100	1,292,100
Total 920000 · Administrative Expenses	93,636	99,800	229,096	253,100	1,292,100
921000 · Office Expenses					
921100 · Office Supplies	920	1,500	2,295	4,000	17,500
921200 · Office Equipment	1,226	1,800	4,762	6,600	24,450
921300 · Phone, Courier, Internet	7,008	7,000	20,447	21,000	86,260
921400 · System Network / IT Support	3,682	5,000	8,995	13,500	60,000
921600 · Vehicle Expenses	183	220	268	440	2,500
Total 921000 · Office Expenses	13,020	15,520	36,767	45,540	190,710
922000 · Legislative Affairs	4,000	4,000	12,000	12,000	65,000
923000 · Contract Services					
923200 · Annual Financial Audit	-	-	-	-	25,000
923300 · Bank & Trustee Fees	236	260	894	800	11,050
923400 · Insurance Consultant	829	5,000	2,681	12,000	18,000
923500 · Investment Consultant	1,693	1,150	5,078	3,440	26,000
923600 · Legal Fees	23,787	14,000	43,554	31,000	145,000
923700 · Recruitment	1,527	2,500	6,064	5,200	30,000
923800 · Other Professional Services	-	10,000	3,978	24,500	171,000
Total 923000 · Contract Services	28,072	32,910	62,250	76,940	426,050
924000 · Insurance	41,837	44,000	123,087	133,000	529,000
926000 · Retiree Benefits					
926250 · Retiree Benefits TYL-PERS	0.00	-	35,357.00	-	-
926000 · Retiree Benefits - Other	-	-	-	40,000	210,000
Total 926000 · Retiree Benefits	-	-	35,357	40,000	210,000
928000 · Regulatory Commission Expense					
928150 · FERC SWL Admin Fees	2,762	3,900	8,287	11,500	47,500
928151 · FERC SWL Other Expenses	8,830	970	11,521	3,720	60,920
928152 · AK DNR SWL Fees	-	-	-	-	50
928250 · FERC TYL Admin Fees	2,517	3,000	7,551	9,000	45,000
928251 · FERC TYL Other Expenses	-	-	-	-	7,750
928252 · AK DNR TYL Fees	-	-	-	-	100
928000 · Regulatory Commission Expense - Other	-	-	4,500	-	-
Total 928000 · Regulatory Commission Expense	14,109	7,870	31,859	24,220	161,320
930000 · General Expenses					
930100 · Advertising Expense	74	200	235	1,000	5,000
930110 · Public Relations	13,000	1,600	13,270	4,800	25,000
930111 · PR - SEAPA History Project	-	-	-	-	35,000
930300 · Association Dues Expense	-	-	660	800	27,650
930310 · Professional Assn Dues	-	-	220	250	500
930400 · Board Meeting Expenses	7,141	2,500	8,059	8,000	45,000
930500 · Training Expense	3,486	6,000	4,825	8,000	29,000
930600 · Travel Expense	2,408	2,000	9,459	12,000	40,000
930700 · Non-Travel Incidental	203	250	353	700	3,000
Total 930000 · General Expenses	26,312	12,550	37,081	35,550	210,150

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison

SEPTEMBER 2014

	Jul 14	Budget	Jul-Sep '14	YTD Budget	Annual Budget
931000 · Admin Rent					
931010 · Office Rent	4,309	4,100	12,928	12,700	53,200
931100 · Apartment Rent - Ketchikan	750	750	2,250	2,250	9,000
Total 931000 · Admin Rent	<u>5,059</u>	<u>4,850</u>	<u>15,178</u>	<u>14,950</u>	<u>62,200</u>
Total Expense	598,838	596,340	1,571,335	1,584,900	7,630,175
Net Ordinary Income	171,192	292,420	1,011,149	1,401,660	4,051,477
Other Income/Expense					
Other Income					
941000 · Grant Income	242,347		191,023		
941100 · Third Party Income	-		0		
942000 · Interest Income					
942100 · Misc Interest Income	707		1,719		
942200 · Investment Interest Income	13,736		22,578		
942000 · Interest Income - Other	-		451		
Total 942000 · Interest Income	<u>14,443</u>		<u>24,747</u>		
944000 · Realized Gain/Loss					
944200 · Realized Gain/Loss on Invest	(28,390)		(26,394)		
Total 944000 · Realized Gain/Loss	<u>(28,390)</u>		<u>(26,394)</u>		
945000 · Unrealized Gain/Loss					
945200 · Unrealized Gain/Loss Investment	15,512		1,959		
Total 945000 · Unrealized Gain/Loss	<u>15,512</u>		<u>1,959</u>		
Total Other Income	243,912		191,335		
Other Expense					
950001 · Misc Nonoperating Expense	0.00		925.00		
950002 · Special Item- Tye Op Transitn	0.00		405,708.45		
952000 · Bond Interest 2009 Series	53,971		161,912		
953000 · Depreciation Expense	338,483		1,015,449		
954000 · Grant Expenses					
954002 · Grant Contractual	241,188		477,415		
954004 · Grant Labor & Benefits	4,193		5,869		
954006 · Grant Materials & Supplies	-		262		
954007 · Grant Other Expense	68		2,275		
954008 · Grant Travel	1,075		18,032		
Total 954000 · Grant Expenses	<u>246,523</u>		<u>503,853</u>		
954100 · Contributed Capital	(37,631.19)		(149,659.29)		
954200 · Third Party Expense					
954210 · Annette Island Hydro Site Eval					
954211 · Annette Island - Contractual	0.00		0.00		
954214 · Annette Island - Travel	-		-		
Total 954210 · Annette Island Hydro Site Eval	<u>-</u>		<u>-</u>		
Total 954200 · Third Party Expense	<u>-</u>		<u>-</u>		
Total Other Expense	601,346		1,938,187		
Net Other Income	(357,434)		(1,746,853)		
Net Income	(186,242)	292,420	(735,704)	1,401,660	4,051,477

DATE: October 31, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson
SUBJECT: **Financial Reports – AUGUST, 2014**



Financial reports for August, 2014 follow this memo. A few highlights are outlined below:

August, 2014 revenues from kWh sales were under budget:

\$924,910 actual vs. \$1,120,640 budget.

- Ketchikan - \$454,716 actual vs. \$612,000 budget
- Petersburg - \$236,609 actual vs. \$291,040 budget
- Wrangell - \$233,585 actual vs. \$217,600 budget

Year-to-date (July – August) revenues from kWh sales were also below budget:

\$1,812,454 actual vs. \$2,097,800 budget.

- Ketchikan - \$876,316 actual vs. \$1,133,560 budget
- Petersburg - \$466,246 actual vs. \$ 522,240 budget
- Wrangell - \$469,892 actual vs. \$ 442,000 budget

August, 2014 sales in kWh – 13,601,620

August, 2013 sales in kWh – 17,029,750

August, 2012 sales in kWh – 11,332,350

Year-to-date (July – August, 2014) sales in kWh – 26,653,740

Year-to-date (July – August, 2013) sales in kWh – 31,968,220

Year-to-date (July – August, 2012) sales in kWh – 23,185,470

Administrative and operating expenses for August, 2014 were right at budget:

\$475,261 actual vs. \$475,450 budget.

Year-to-date administrative and operating expenses (July – August) were slightly over budget: \$972,497 actual vs. \$948,560 budget.

New ledger accounts were created this month to record transactions related to the transition of daily operations at the Tyee Lake facility.

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

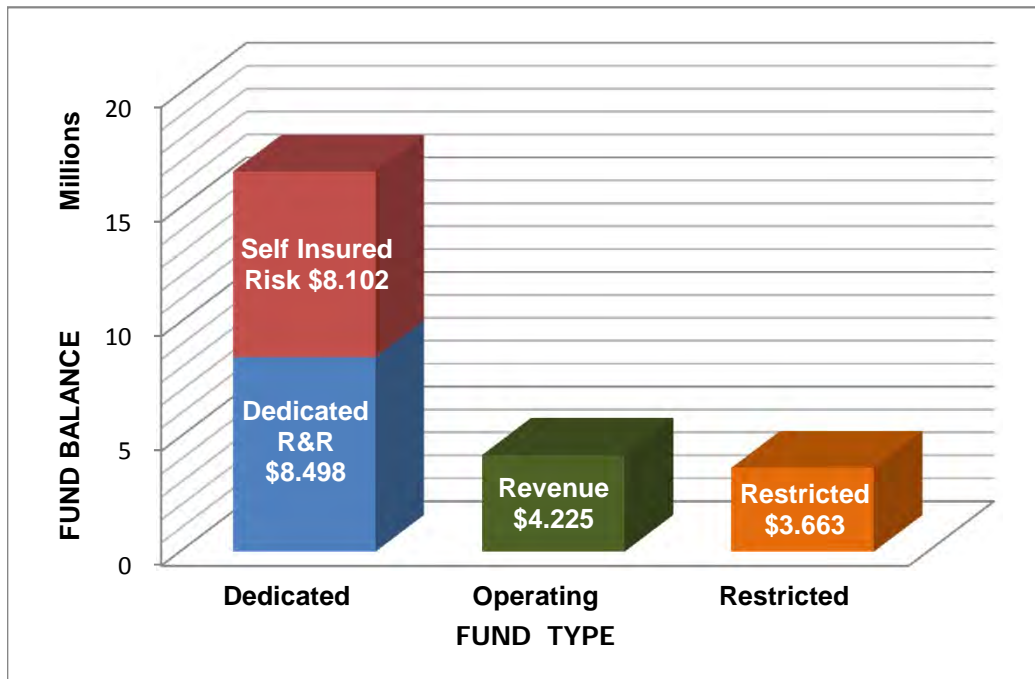
SOUTHEAST ALASKA POWER AGENCY

Fund Allocation Graph

AUGUST 2014

Agency Funds

111000 · Ops/Capital/Insurance Funds		
111100 · Revenue Fund FB		4,221,975
111200 · Required R&R Fund FB		1,000,714
111210 · Dedicated R&R Projects Fund FB		8,497,958
111300 · Commercial FB		2,771
111400 · Subordinate Debt Fund FB		310
111500 · Self Insured Risk Fund FNBA		<u>8,102,112</u>
Total 111000 · Ops/Capital/Insurance Funds		21,825,839
112000 · Trustee Funds		
112100 · WF Trust Bond Interest		211,493
112200 · WF Trust Bond Principal		241,701
112300 · WF Trust Bond Reserve		<u>1,409,957</u>
Total 112000 · Trustee Funds		1,863,151
113000 · Other Restricted Funds		
113100 · STI - USFS CD WF		21,618
113500 · DNR Reclamation Fund WF		<u>777,256</u>
Total 113000 · Other Restricted Funds		<u>798,874</u>
Total Agency Funds		<u><u>24,487,865</u></u>



Dedicated Funds

Self-Insured Risk = Coverage for uninsured transmission lines, submarine cables and insurance deductibles.
 Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the FY14 budget.

Operating Funds

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

Restricted Funds (Legally or contractually restricted)

Bonds = All Trustee Funds: Bond Interest, Principal, Reserve and Escrow accounts
 R&R = \$1,000,000 minimum balance required by bond indenture
 DNR = Alaska DNR Reclamation Agreement
 USFS = USFS Land Remediation Certificate of Deposit

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

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Fund 21,825,839

112000 · Trustee Funds 1,863,151

113000 · Other Restricted Funds 798,874

Total Agency Funds 24,487,865

Accounts Receivable

110000 · Accounts Receivable 1,549,153

110100 · Grants Receivable 190,553

Total Accounts Receivable 1,739,706

Other Current Assets

120000 · Other Current Assets 537,791

Total Other Current Assets 537,791

Total Current Assets 26,765,361

Fixed Assets

130000 · Fixed Assets 130,882,800

Total Fixed Assets 130,882,800

Other Assets

183000 · Deferred Assets 244,643

Total Other Assets 244,643

TOTAL ASSETS 157,892,805

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 849,638

Total Accounts Payable 849,638

Other Current Liabilities

210150 · Other Current Liabilities 1,089,590

210300 · Reserve Interest Payable 156,538

210400 · Wages Payable 121,220

210500 · Payroll Liabilities 340

Total Other Current Liabilities 1,367,689

Total Current Liabilities 2,217,326

Long Term Liabilities

220000 · Long Term Liabilities 13,785,763

Total Long Term Liabilities 13,785,763

Total Liabilities 16,003,090

Net Position

310000 · Net Position 142,439,177

Net Income (549,462)

Total Net Position 141,889,715

TOTAL LIABILITIES & NET POSITION 157,892,805

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities Summary
AUGUST 2014

Ordinary Income/Expense	
Income	
410000 · Hydro Facility Revenues	924,910
Total Income	<u>924,910</u>
Gross Profit	924,910
Expense	
535000 · Hydro Ops-Suprvsn & Engineering	(26,298)
538000 · Electric Expenses	13,415
539000 · Misc Power Generation Expense	52,359
540000 · Rents	10,602
541000 · Hydro Power Station Maintenance	7,722
544000 · Maintenance of Electric Plant	53,367
545000 · Plant Miscellaneous Maintenance	20,622
562000 · Trans/Operations Station Exp	4,943
571000 · Trans/Maint Overhead Lines(OHL)	125,053
920000 · Administrative Expenses	87,275
921000 · Office Expenses	9,443
922000 · Legislative Affairs	4,000
923000 · Contract Services	17,698
924000 · Insurance	41,837
926000 · Retiree Benefits	35,357.00
928000 · Regulatory Commission Expense	7,709
930000 · General Expenses	5,098
931000 · Admin Rent	5,059
Total Expense	<u>475,261</u>
Net Ordinary Income	449,649
Other Income/Expense	
Other Income	
941000 · Grant Income	63,001
941100 · Third Party Income	12,014
942000 · Interest Income	5,951
945000 · Unrealized Gain/Loss	3,941
Total Other Income	<u>84,906</u>
Other Expense	
950001 · Misc Nonoperating Expense	925.00
950002 · Special Item- Tye Op Transitn	405,708.45
952000 · Bond Interest 2009 Series	53,971
953000 · Depreciation Expense	338,483
954000 · Grant Expenses	156,163
954100 · Contributed Capital	(112,028.10)
954200 · Third Party Expense	0.00
Total Other Expense	<u>843,222</u>
Net Other Income	<u>(758,316)</u>
Net Income	<u><u>(308,667)</u></u>

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

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	4,221,975
111200 · Required R&R Fund FB	1,000,714
111210 · Dedicated R&R Projects Fund FB	8,497,958
111300 · Commercial FB	2,771
111400 · Subordinate Debt Fund FB	310
111500 · Self Insured Risk Fund FNBA	<u>8,102,112</u>
Total 111000 · Ops/Capital/Insurance Funds	21,825,839

112000 · Trustee Funds

112100 · WF Trust Bond Interest	211,493
112200 · WF Trust Bond Principal	241,701
112300 · WF Trust Bond Reserve	<u>1,409,957</u>
Total 112000 · Trustee Funds	1,863,151

113000 · Other Restricted Funds

113100 · STI - USFS CD WF	21,618
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,874</u>

Total Agency Funds 24,487,865

Accounts Receivable

110000 · Accounts Receivable	1,549,153
110100 · Grants Receivable	<u>190,553</u>
Total Accounts Receivable	1,739,706

Other Current Assets

120000 · Other Current Assets	
120200 · Other Receivables	4,306
120300 · Accrued Interest Receivable	17,789
120500 · Prepaid Fees	
120510 · Prepaid FERC Fees	9,351
120520 · Prepaid Insurance	341,112
120530 · Prepaid Operating Expense	32,941.70
120540 · Prepaid USDA FS Land Use Fees	26,118
120550 · Prepaid Admin Benefits	<u>98,031</u>
Total 120500 · Prepaid Fees	507,553

120700 · Inventory Assets

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

Total 120000 · Other Current Assets 537,791

Total Other Current Assets 537,791

Total Current Assets 26,765,361

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

Fixed Assets	
130000 · Fixed Assets	
130100 · Capital Assets	
130110 · Swan Lake	16,390,545
130120 · Tyee Lake	27,650,797
130130 · SEAPA Office	733,897
132100 · Swan Tyee Intertie in Operation	<u>111,578,874</u>
Total 130100 · Capital Assets	156,354,113
132200 · R&R Projects WIP Capital Improv	
132210 · R&R Projects - WIP Swan Lake	
1322100 · R&R WIP SWL- Reservoir Increase	
1322101 · WIP SWL Agency Permits/Environm	677,046
1322103 · WIP SWL Equipment	2,261
1322104 · WIP SWL Engineering/Design	327,655
1322105 · WIP SWL Legal	1,260
1322106 · WIP SWL Project Mgmt/Professnal	<u>129,558</u>
Total 1322100 · R&R WIP SWL- Reservoir Increase	1,137,780
132210 · R&R Projects - WIP Swan Lake - Other	<u>618,388</u>
Total 132210 · R&R Projects - WIP Swan Lake	1,756,168
132220 · R&R Projects - WIP Tyee Lake	395,560
132230 · R&R Projects - WIP STI-Transmsn	64,346
132240 · R&R Projects - WIP SEAPA Office	28,940
132200 · R&R Projects WIP Capital Improv - Other	<u>650</u>
Total 132200 · R&R Projects WIP Capital Improv	2,245,664
1328100 · Capital Inventory SWL	
1328101 · Inventory-SWL Winding Replacmnt	<u>890,405</u>
Total 1328100 · Capital Inventory SWL	890,405
132900 · Accumulated Depreciation	<u>(28,607,383)</u>
Total 130000 · Fixed Assets	<u>130,882,800</u>
Total Fixed Assets	130,882,800
Other Assets	
183000 · Deferred Assets	
183001 · Long Term Receivable	242,499.00
183300 · Meterological Tower	<u>2,144</u>
Total 183000 · Deferred Assets	<u>244,643</u>
Total Other Assets	<u>244,643</u>
TOTAL ASSETS	<u><u>157,892,805</u></u>

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

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 849,638

Total Accounts Payable 849,638

Other Current Liabilities

210150 · Other Current Liabilities 1,089,590

210300 · Reserve Interest Payable 156,538

210400 · Wages Payable 121,220

210500 · Payroll Liabilities

210522 · SUI Tax Payable 340

Total 210500 · Payroll Liabilities 340

Total Other Current Liabilities 1,367,689

Total Current Liabilities 2,217,326

Long Term Liabilities

220000 · Long Term Liabilities

220100 · Series B Bonds 2009 13,400,000

220110 · Bond Issuance Premium 8,464

220120 · Bond Discount (111,468)

220121 · PERS Unfunded Liability WRG 488,767.86

Total 220000 · Long Term Liabilities 13,785,763

Total Long Term Liabilities 13,785,763

Total Liabilities 16,003,090

Net Position

310000 · Net Position

3100001 · Net Investment Capital Assets 117,992,794

3100002 · Restricted for Debt Service 1,359,425

3100003 · Restricted by External Agreement 798,874

3100004 · Unrestricted 22,288,083

Total 310000 · Net Position 142,439,177

Net Income (549,462)

Total Net Position 141,889,715

TOTAL LIABILITIES & NET POSITION 157,892,805

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
AUGUST 2014

	Aug 14	Budget	Jul-Aug '14	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
410000 · Hydro Facility Revenues					
410100 · Ketchikan Power Purchases	454,716	612,000	876,316	1,133,560	6,345,760
410200 · Petersburg Power Purchases	236,609	291,040	466,246	522,240	2,880,548
410300 · Wrangell Power Purchases	233,585	217,600	469,892	442,000	2,455,344
Total 410000 · Hydro Facility Revenues	924,910	1,120,640	1,812,454	2,097,800	11,681,652
Total Income	924,910	1,120,640	1,812,454	2,097,800	11,681,652
Gross Profit	924,910	1,120,640	1,812,454	2,097,800	11,681,652
Expense					
535000 · Hydro Ops-Suprvsn & Engineering					
535100 · Hyd/Ops Sup & Eng - Swan Lake	-	2,170	-	7,970	36,180
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	110	110	220	390	9,850
535200 · Hyd/Ops Sup & Eng - Tyee Lake	(27,508)	19,650	67,712	50,190	310,690
535250 · Hyd/Ops Sup & Eng - TYL SEAPA	-	-	-	-	33,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	1,100	7,000	1,100	12,000	133,600
535700 · Hyd/Op Sup & Eng - 4R Plan	-	400	-	800	5,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	(26,298)	29,330	69,032	71,350	528,820
537000 · Hydraulic Expenses					
537150 · Hydraulic Expense - SWL SEAPA	-	-	-	-	4,000
537250 · Hydraulic Expense - TYL SEAPA	-	-	-	-	6,000
Total 537000 · Hydraulic Expenses	-	-	-	-	10,000
538000 · Electric Expenses					
538100 · Electric Expense - Swan Lake	512	1,000	1,133	2,250	13,250
538150 · Electric Expense - SWL SEAPA	8,626	-	16,797	-	30,000
538200 · Electric Expense - Tyee Lake	1,243	1,000	1,394	2,000	12,000
538250 · Electric Expense - TYL SEAPA	3,035	-	5,639	-	30,000
Total 538000 · Electric Expenses	13,415	2,000	24,962	4,250	85,250
539000 · Misc Power Generation Expense					
539100 · Misc Exp - Swan Lake	12,796	10,000	21,036	20,000	130,690
539150 · Misc Expense - SWL SEAPA	3,264	2,000	4,454	4,000	83,200
539200 · Misc Expense - Tyee Lake	25,534	3,440	34,859	37,310	80,500
539250 · Misc Expense - TYL SEAPA	10,766	12,000	19,770	22,000	181,000
Total 539000 · Misc Power Generation Expense	52,359	27,440	80,119	83,310	475,390
540000 · Rents					
540300 · FERC Land Use Fee - Swan Lake	876	1,000	1,752	2,000	12,000
540400 · FERC Land Use Fee - Tyee Lake	3,196	5,220	6,393	10,440	40,000
540500 · USDA Land Use Fee - USFS ROW	1,570	1,650	3,140	3,300	20,000
540600 · USDA Land Use Fee - STI	4,810	4,800	9,619	9,600	58,000
540700 · USDA Tyee Passive Reflector	105	100	211	200	1,300
540710 · USDA Etolin Burnett Radio	44	50	89	100	600
Total 540000 · Rents	10,602	12,820	21,203	25,640	131,900
541000 · Hydro Power Station Maintenance					
541100 · Maint/Supervision - Swan Lake	260	800	3,435	10,800	19,000
541150 · Maintenance - SWL SEAPA	-	150	9,929	3,350	5,000
541200 · Maint/Supervision - Tyee Lake	7,462	-	7,442	-	10,000
541250 · Maintenance - TYL SEAPA	-	-	-	-	10,000
Total 541000 · Hydro Power Station Maintenance	7,722	950	20,806	14,150	44,000
543000 · Dams, Reservoirs & Waterways					
543150 · Dams Res & Waterwys - SWL SEAPA	-	-	-	-	10,000
543200 · Dams Res & Waterwys - Tyee Lake	-	-	-	-	2,500
543250 · Dams Res & Waterwys - TYL SEAPA	-	500	1,265	1,800	39,075
Total 543000 · Dams, Reservoirs & Waterways	-	500	1,265	1,800	51,575

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
AUGUST 2014

	Aug 14	Budget	Jul-Aug '14	YTD Budget	Annual Budget
544000 · Maintenance of Electric Plant					
544100 · Maint Electric Plant-Swan Lake	47,990	45,000	107,551	105,000	581,000
544200 · Maint Electric Plant-Tyee Lake	9,477	9,000	81,946	82,000	82,000
5442900 · TYL Plant Wages & Benefits					
5442911 · TYL Plant Wages/PTO	(4,101)	-	(4,101)	-	312,600
5442912 · TYL Plant Wages OT	-	-	-	-	27,300
5442920 · TYL Plant Benefit - Taxes	-	-	-	-	30,000
5442930 · TYL Plant Benefits - Insurance	-	-	-	-	64,500
5442940 · TYL Plant Benefits - Retirement	-	-	-	-	60,100
Total 5442900 · TYL Plant Wages & Benefits	(4,101)	-	(4,101)	-	494,500
Total 544000 · Maintenance of Electric Plant	53,367	54,000	185,396	187,000	1,157,500
545000 · Plant Miscellaneous Maintenance					
545100 · Plant Misc Maint - Swan Lake	45	3,000	5,069	8,000	42,000
545150 · Plant Misc Maint - SWL SEAPA	16,553	-	32,017	-	24,100
545200 · Plant Misc Maint - Tyee Lake	4,024	-	6,831	60	17,500
545250 · Plant Misc Maint - TYL SEAPA	-	-	51	4,480	5,650
Total 545000 · Plant Miscellaneous Maintenance	20,622	3,000	43,969	12,540	89,250
561000 · Trans/Gen SCADA					
561150 · Trans/Gen SCADA - SWL SEAPA	-	-	-	-	35,000
561250 · Trans/Gen SCADA - TYL SEAPA	-	-	-	-	35,000
Total 561000 · Trans/Gen SCADA	-	-	-	-	70,000
562000 · Trans/Operations Station Exp					
562100 · Trans/Ops Station - Swan Lake	-	300	12,869	13,300	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	1,000	-	1,500	35,000
562200 · Trans/Ops Station - Tyee Lake	4,932	1,830	5,282	1,830	26,000
562250 · Trans/Ops Station-TYL SEAPA	11	2,000	8,596	12,000	83,500
Total 562000 · Trans/Operations Station Exp	4,943	5,130	26,747	28,630	159,500
564000 · Trans/Submarine Cable Expense					
564200 · Trans/Sub Cable Exp - Tyee Lake	-	250	-	500	12,000
564250 · Trans/Sub Cable Exp - TYL SEAPA	-	-	-	-	10,000
Total 564000 · Trans/Submarine Cable Expense	-	250	-	500	22,000
571000 · Trans/Maint Overhead Lines(OHL)					
571100 · Trans/Maint OHL - Swan Lake	-	3,300	-	3,300	15,000
571150 · Trans/Maint OHL - SWL SEAPA	446	-	446	-	248,630
571151 · Trans/Maint OHL - SWL ROW Clear	-	-	-	-	250,000
571200 · Trans/Maint OHL - Tyee Lake	2,838	3,320	20,153	20,970	53,600
571250 · Trans/Maint OHL - TYL SEAPA	122,002	120,000	122,002	121,320	494,380
5712900 · TYL Brushing Wages & Benefits					
5712911 · TYL Brushing Wages/PTO	(233)	-	(233)	-	123,000
5712912 · TYL Brushing Wages OT	-	-	-	-	6,200
5712920 · TYL Brushing Benefit - Taxes	-	-	-	-	10,500
5712930 · TYL Brushing Benefit- Insurance	-	-	-	-	33,500
5712940 · TYL Brushing Benefit- Retirement	-	-	-	-	19,000
Total 5712900 · TYL Brushing Wages & Benefits	(233)	-	(233)	-	192,200
571300 · Trans/Maint OHL STI Maintenance	-	-	-	-	304,150
571600 · Trans/Maint OHL Spare Mat Stor	-	-	-	-	500
571800 · Trans/Maint OHL System Events	-	-	-	-	100,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	125,053	126,620	142,368	145,590	1,658,460

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
AUGUST 2014

	Aug 14	Budget	Jul-Aug '14	YTD Budget	Annual Budget
920000 · Administrative Expenses					
920100 · Admin Wages & Benefits					
9201911 · Admin Wages/PTO	50,258	60,000	80,954	95,000	805,000
9201912 · Admin Wages - Overtime	-	-	-	-	1,000
9201920 · Admin Benefit - Taxes	4,664	4,800	7,042	7,800	57,300
9201930 · Admin Benefit - H&W Insurance	11,698	15,000	16,969	20,500	182,100
9201940 · Admin Benefit - Retirement	20,655	20,000	30,496	30,000	246,700
Total 920100 · Admin Wages & Benefits	87,275	99,800	135,461	153,300	1,292,100
Total 920000 · Administrative Expenses	87,275	99,800	135,461	153,300	1,292,100
921000 · Office Expenses					
921100 · Office Supplies	378	1,500	1,375	2,500	17,500
921200 · Office Equipment	735	1,800	3,536	4,800	24,450
921300 · Phone, Courier, Internet	6,476	7,000	13,439	14,000	86,260
921400 · System Network / IT Support	1,769	5,000	5,312	8,500	60,000
921600 · Vehicle Expenses	85	220	85	220	2,500
Total 921000 · Office Expenses	9,443	15,520	23,747	30,020	190,710
922000 · Legislative Affairs	4,000	4,000	8,000	8,000	65,000
923000 · Contract Services					
923200 · Annual Financial Audit	-	-	-	-	25,000
923300 · Bank & Trustee Fees	232	240	658	540	11,050
923400 · Insurance Consultant	-	-	1,853	7,000	18,000
923500 · Investment Consultant	1,694	1,150	3,385	2,290	26,000
923600 · Legal Fees	11,265	8,000	19,767	17,000	145,000
923700 · Recruitment	4,347	2,500	4,537	2,700	30,000
923800 · Other Professional Services	160	10,000	3,978	14,500	171,000
Total 923000 · Contract Services	17,698	21,890	34,178	44,030	426,050
924000 · Insurance	41,837	44,000	81,250	89,000	529,000
926000 · Retiree Benefits	35,357	40,000	35,357	40,000	210,000
928000 · Regulatory Commission Expense					
928150 · FERC SWL Admin Fees	2,762	3,800	5,524	7,600	47,500
928151 · FERC SWL Other Expenses	2,430	2,500	2,691	2,750	60,920
928152 · AK DNR SWL Fees	-	-	-	-	50
928250 · FERC TYL Admin Fees	2,517	3,000	5,034	6,000	45,000
928251 · FERC TYL Other Expenses	-	-	-	-	7,750
928252 · AK DNR TYL Fees	-	-	-	-	100
928000 · Regulatory Commission Expense - Other	-	-	4,500	-	-
Total 928000 · Regulatory Commission Expense	7,709	9,300	17,750	16,350	161,320
930000 · General Expenses					
930100 · Advertising Expense	161	200	161	800	5,000
930110 · Public Relations	270	1,600	270	3,200	25,000
930111 · PR - SEAPA History Project	-	-	-	-	35,000
930300 · Association Dues Expense	-	-	660	800	27,650
930310 · Professional Assn Dues	-	-	220	250	500
930400 · Board Meeting Expenses	654	5,000	918	5,500	45,000
930500 · Training Expense	535	1,000	1,339	2,000	29,000
930600 · Travel Expense	3,448	6,000	7,052	10,000	40,000
930700 · Non-Travel Incidental	30	250	150	450	3,000
Total 930000 · General Expenses	5,098	14,050	10,769	23,000	210,150
931000 · Admin Rent					
931010 · Office Rent	4,309	4,100	8,618	8,600	53,200
931100 · Apartment Rent - Ketchikan	750	750	1,500	1,500	9,000
Total 931000 · Admin Rent	5,059	4,850	10,118	10,100	62,200
Total Expense	475,261	515,450	972,497	988,560	7,630,175
Net Ordinary Income	449,649	605,190	839,957	1,109,240	4,051,477

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
AUGUST 2014

	Aug 14	Budget	Jul-Aug '14	YTD Budget	Annual Budget
Other Income/Expense					
Other Income					
941000 · Grant Income	63,001		(51,324)		
941100 · Third Party Income	12,014		0		
942000 · Interest Income					
942100 · Misc Interest Income	729		1,011		
942200 · Investment Interest Income	5,221		8,842		
942000 · Interest Income - Other	-		451		
Total 942000 · Interest Income	5,951		10,305		
944000 · Realized Gain/Loss					
944200 · Realized Gain/Loss on Invest	-		1,996		
Total 944000 · Realized Gain/Loss	-		1,996		
945000 · Unrealized Gain/Loss					
945200 · Unrealized Gain/Loss Investment	3,941		(13,553)		
Total 945000 · Unrealized Gain/Loss	3,941		(13,553)		
Total Other Income	84,906		(52,577)		
Other Expense					
950001 · Misc Nonoperating Expense	925.00		925.00		
950002 · Special Item- Tye Op Transitn	405,708.45		405,708.45		
952000 · Bond Interest 2009 Series	53,971		107,941		
953000 · Depreciation Expense	338,483		676,966		
954000 · Grant Expenses					
954002 · Grant Contractual	135,445		236,228		
954004 · Grant Labor & Benefits	1,659		1,676		
954006 · Grant Materials & Supplies	241		262		
954007 · Grant Other Expense	2,207		2,207		
954008 · Grant Travel	16,612		16,957		
Total 954000 · Grant Expenses	156,163		257,329		
954100 · Contributed Capital	(112,028)		(112,028)		
954200 · Third Party Expense					
954210 · Annette Island Hydro Site Eval					
954211 · Annette Island - Contractual	0.00		0.00		
954214 · Annette Island - Travel	0.00		0.00		
Total 954210 · Annette Island Hydro Site Eval	0.00		0.00		
Total 954200 · Third Party Expense	0.00		0.00		
Total Other Expense	843,222		1,336,842		
Net Other Income	(758,316)		(1,389,419)		
Net Income	(308,667)	605,190	(549,462)	1,109,240	4,051,477

DATE: October 30, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson
SUBJECT: **Financial Reports – JULY, 2014**



Financial reports for July, 2014 follow this memo. The following are a few brief highlights:

July, 2014 revenues from kWh sales were under budget:

\$887,544 actual vs. \$977,160 budget.

- Ketchikan - \$421,600 actual vs. \$521,560 budget
- Petersburg - \$229,637 actual vs. \$231,200 budget
- Wrangell - \$236,307 actual vs. \$224,400 budget

July, 2014 sales in kWh – 13,052,120

July, 2013 sales in kWh – 14,938,470

July, 2012 sales in kWh – 11,853,120

Administrative and operating expenses for July, 2014 were over budget:

\$497,236 actual vs. \$473,110 budget.

July grant income displays a credit balance. This is because FY14 grant expenses, which were not billable to the granting agency until they were paid in FY15, were accrued in June in order to balance grant income and grant expense at year-end. That accrual was reversed in July, creating the credit balance in June.

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

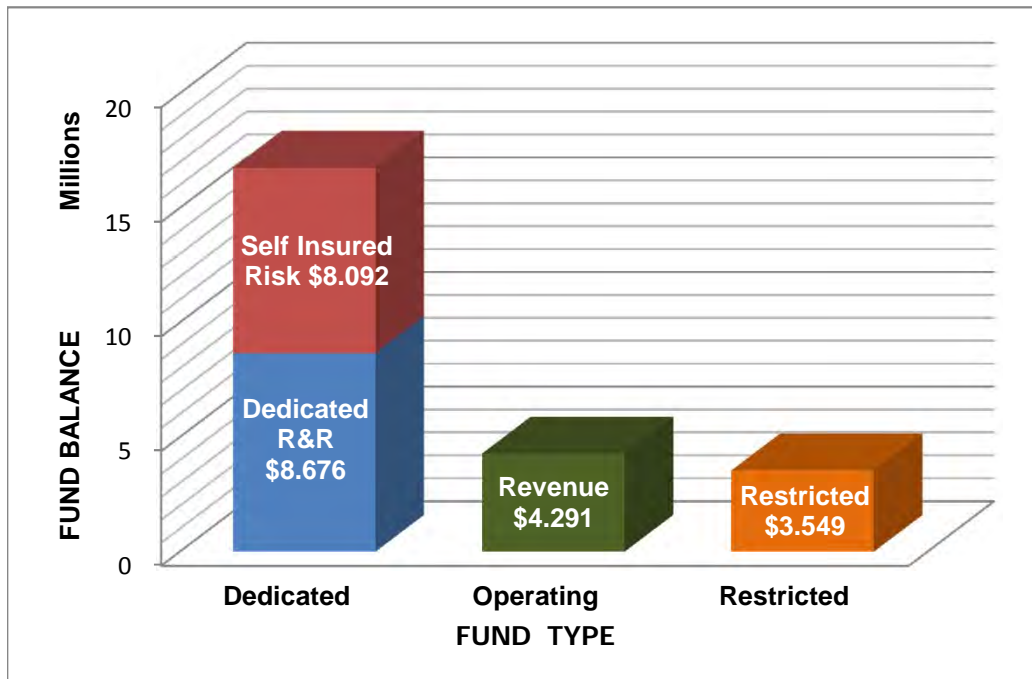
SOUTHEAST ALASKA POWER AGENCY

Fund Allocation Graph

JULY 2014

Agency Funds

111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	4,288,158
111200 · Required R&R Fund FB	1,000,662
111210 · Dedicated R&R Projects Fund FB	8,676,303
111300 · Commercial FB	2,257
111400 · Subordinate Debt Fund FB	310
111500 · Self Insured Risk Fund FNBA	<u>8,092,217</u>
Total 111000 · Ops/Capital/Insurance Funds	22,059,906
112000 · Trustee Funds	
112100 · WF Trust Bond Interest	158,625
112200 · WF Trust Bond Principal	181,286
112300 · WF Trust Bond Reserve	<u>1,409,945</u>
Total 112000 · Trustee Funds	1,749,856
113000 · Other Restricted Funds	
113100 · STI - USFS CD WF	21,618
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,874</u>
Total Agency Funds	<u><u>24,608,636</u></u>



Dedicated Funds

Self-Insured Risk = Coverage for uninsured transmission lines, submarine cables and insurance deductibles.
 Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the FY14 budget.

Operating Funds

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

Restricted Funds (Legally or contractually restricted)

Bonds = All Trustee Funds: Bond Interest, Principal, Reserve and Escrow accounts
 R&R = \$1,000,000 minimum balance required by bond indenture
 DNR = Alaska DNR Reclamation Agreement
 USFS = USFS Land Remediation Certificate of Deposit

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

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds	22,059,906
112000 · Trustee Funds	1,749,856
113000 · Other Restricted Funds	798,874

Total Agency Funds 24,608,636

Accounts Receivable

110000 · Accounts Receivable	1,351,506
110100 · Grants Receivable	211,459

Total Accounts Receivable 1,562,964

Other Current Assets

120000 · Other Current Assets	187,629
-------------------------------	---------

Total Other Current Assets 187,629

Total Current Assets 26,359,230

Fixed Assets

130000 · Fixed Assets	130,958,096
-----------------------	-------------

Total Fixed Assets 130,958,096

Other Assets

183000 · Deferred Assets	1,988
--------------------------	-------

Total Other Assets 1,988

TOTAL ASSETS 157,319,313

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General	560,326
-----------------------------------	---------

Total Accounts Payable 560,326

Other Current Liabilities

210150 · Other Current Liabilities	1,089,590
210300 · Reserve Interest Payable	103,671
210400 · Wages Payable	71,264
210500 · Payroll Liabilities	188

Total Other Current Liabilities 1,264,713

Total Current Liabilities 1,825,039

Long Term Liabilities

220000 · Long Term Liabilities	13,295,892
--------------------------------	------------

Total Long Term Liabilities 13,295,892

Total Liabilities 15,120,931

Net Position

310000 · Net Position	142,439,177
-----------------------	-------------

Net Income (240,794)

Total Net Position 142,198,382

TOTAL LIABILITIES & NET POSITION 157,319,313

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities Summary
JULY 2014

Ordinary Income/Expense

Income

410000 · Hydro Facility Revenues	887,544
Total Income	<u>887,544</u>

Gross Profit

887,544

Expense

535000 · Hydro Ops-Suprvsn & Engineering	95,329
538000 · Electric Expenses	11,547
539000 · Misc Power Generation Expense	27,760
540000 · Rents	10,602
541000 · Hydro Power Station Maintenance	13,084
543000 · Dams, Reservoirs & Waterways	1,265
544000 · Maintenance of Electric Plant	132,029
545000 · Plant Miscellaneous Maintenance	23,347
562000 · Trans/Operations Station Exp	21,804
571000 · Trans/Maint Overhead Lines(OHL)	17,315
920000 · Administrative Expenses	48,186
921000 · Office Expenses	14,304
922000 · Legislative Affairs	4,000
923000 · Contract Services	16,480
924000 · Insurance	39,414
928000 · Regulatory Commission Expense	10,040
930000 · General Expenses	5,671
931000 · Admin Rent	5,059
Total Expense	<u>497,236</u>

Net Ordinary Income

390,308

Other Income/Expense

Other Income

941000 · Grant Income	(114,325)
941100 · Third Party Income	(12,013)
942000 · Interest Income	4,354
944000 · Realized Gain/Loss	1,996
945000 · Unrealized Gain/Loss	(17,494)
Total Other Income	<u>(137,483)</u>

Other Expense

952000 · Bond Interest 2009 Series	53,971
953000 · Depreciation Expense	338,483
954000 · Grant Expenses	101,166
Total Other Expense	<u>493,620</u>

Net Other Income

(631,103)

Net Income

(240,794)

SOUTHEAST ALASKA POWER AGENCY
Stmnt of Financial Position - Detail
as of JULY 31, 2014

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds

111100 · Revenue Fund FB	4,288,158
111200 · Required R&R Fund FB	1,000,662
111210 · Dedicated R&R Projects Fund FB	8,676,303
111300 · Commercial FB	2,257
111400 · Subordinate Debt Fund FB	310
111500 · Self Insured Risk Fund FNBA	8,092,217

Total 111000 · Ops/Capital/Insurance Funds 22,059,906

112000 · Trustee Funds

112100 · WF Trust Bond Interest	158,625
112200 · WF Trust Bond Principal	181,286
112300 · WF Trust Bond Reserve	1,409,945

Total 112000 · Trustee Funds 1,749,856

113000 · Other Restricted Funds

113100 · STI - USFS CD WF	21,618
113500 · DNR Reclamation Fund WF	777,256

Total 113000 · Other Restricted Funds 798,874

Total Agency Funds 24,608,636

Accounts Receivable

110000 · Accounts Receivable	1,351,506
110100 · Grants Receivable	211,459

Total Accounts Receivable 1,562,964

Other Current Assets

120000 · Other Current Assets

120200 · Other Receivables	4,286
120300 · Accrued Interest Receivable	18,758
120500 · Prepaid Fees	
120510 · Prepaid FERC Fees	18,703
120520 · Prepaid Insurance	3,015
120540 · Prepaid USDA FS Land Use Fees	32,647
120550 · Prepaid Admin Benefits	102,077

Total 120500 · Prepaid Fees 156,442

120700 · Inventory Assets

120701 · Inventory - Wood Poles	8,143
---------------------------------	-------

Total 120700 · Inventory Assets 8,143

Total 120000 · Other Current Assets 187,629

Total Other Current Assets 187,629

Total Current Assets 26,359,230

SOUTHEAST ALASKA POWER AGENCY
Stmnt of Financial Position - Detail
as of JULY 31, 2014

Fixed Assets

130000 · Fixed Assets

130100 · Capital Assets

130110 · Swan Lake	16,390,545
130120 · Tye Lake	27,650,797
130130 · SEAPA Office	733,897
132100 · Swan Tye Intertie in Operation	<u>111,578,874</u>
Total 130100 · Capital Assets	156,354,113

132200 · R&R Projects WIP Capital Improv

132210 · R&R Projects - WIP Swan Lake

1322100 · R&R WIP SWL- Reservoir Increase	
1322101 · WIP SWL Agency Permits/Environm	677,046
1322103 · WIP SWL Equipment	2,261
1322104 · WIP SWL Engineering/Design	216,728
1322105 · WIP SWL Legal	1,260
1322106 · WIP SWL Project Mgmt/Professnal	<u>129,392</u>
Total 1322100 · R&R WIP SWL- Reservoir Increa	1,026,687

132210 · R&R Projects - WIP Swan Lake - Other	<u>497,794</u>
---	----------------

Total 132210 · R&R Projects - WIP Swan Lake	1,524,481
--	------------------

132220 · R&R Projects - WIP Tye Lake	387,434
132230 · R&R Projects - WIP STI-Transmsn	40,972
132240 · R&R Projects - WIP SEAPA Office	28,940
132200 · R&R Projects WIP Capital Improv - Other	<u>650</u>
Total 132200 · R&R Projects WIP Capital Improv	1,982,476

1328100 · Capital Inventory SWL

1328101 · Inventory-SWL Winding Replacmnt	<u>890,405</u>
Total 1328100 · Capital Inventory SWL	890,405

132900 · Accumulated Depreciation	<u>(28,268,900)</u>
Total 130000 · Fixed Assets	<u>130,958,096</u>

Total Fixed Assets	130,958,096
---------------------------	--------------------

Other Assets

183000 · Deferred Assets

183300 · Meterological Tower	<u>1,988</u>
Total 183000 · Deferred Assets	<u>1,988</u>

Total Other Assets	<u>1,988</u>
---------------------------	---------------------

TOTAL ASSETS	<u><u>157,319,313</u></u>
---------------------	----------------------------------

SOUTHEAST ALASKA POWER AGENCY
Stmnt of Financial Position - Detail
as of JULY 31, 2014

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General	560,326
Total Accounts Payable	560,326

Other Current Liabilities

210150 · Other Current Liabilities	1,089,590
210300 · Reserve Interest Payable	103,671
210400 · Wages Payable	71,264
210500 · Payroll Liabilities	
210522 · SUI Tax Payable	188
Total 210500 · Payroll Liabilities	188

Total Other Current Liabilities	1,264,713
--	------------------

Total Current Liabilities	1,825,039
----------------------------------	------------------

Long Term Liabilities

220000 · Long Term Liabilities

220100 · Series B Bonds 2009	13,400,000
220110 · Bond Issuance Premium	8,702
220120 · Bond Discount	(112,810)
Total 220000 · Long Term Liabilities	13,295,892

Total Long Term Liabilities	13,295,892
------------------------------------	-------------------

Total Liabilities	15,120,931
--------------------------	-------------------

Net Position

310000 · Net Position

3100001 · Net Investment Capital Assets	117,992,794
3100002 · Restricted for Debt Service	1,359,425
3100003 · Restricted by External Agreement	798,874
3100004 · Unrestricted	22,288,083
Total 310000 · Net Position	142,439,177

Net Income	(240,794)
-------------------	------------------

Total Net Position	142,198,382
---------------------------	--------------------

TOTAL LIABILITIES & NET POSITION	157,319,313
---	--------------------

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
JULY 2014

	Jul 14	Budget	Annual Budget
Ordinary Income/Expense			
Income			
410000 · Hydro Facility Revenues			
410100 · Ketchikan Power Purchases	421,600	521,560	6,345,760
410200 · Petersburg Power Purchases	229,637	231,200	2,880,548
410300 · Wrangell Power Purchases	236,307	224,400	2,455,344
Total 410000 · Hydro Facility Revenues	887,544	977,160	11,681,652
Total Income	887,544	977,160	11,681,652
Gross Profit	887,544	977,160	11,681,652
Expense			
535000 · Hydro Ops-Suprvsn & Engineering			
535100 · Hyd/Ops Sup & Eng - Swan Lake	-	5,800	36,180
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	110	280	9,850
535200 · Hyd/Ops Sup & Eng - Tyee Lake	95,219	30,540	310,690
535250 · Hyd/Ops Sup & Eng -TYL SEAPA	-	-	33,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	-	5,000	133,600
535700 · Hyd/Op Sup & Eng - 4R Plan	-	400	5,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	95,329	42,020	528,820
537000 · Hydraulic Expenses			
537150 · Hydraulic Expense - SWL SEAPA	-	-	4,000
537250 · Hydraulic Expense - TYL SEAPA	-	-	6,000
Total 537000 · Hydraulic Expenses	-	-	10,000
538000 · Electric Expenses			
538100 · Electric Expense - Swan Lake	621	1,250	13,250
538150 · Electric Expense - SWL SEAPA	8,171	-	30,000
538200 · Electric Expense - Tyee Lake	151	1,000	12,000
538250 · Electric Expense - TYL SEAPA	2,604	-	30,000
Total 538000 · Electric Expenses	11,547	2,250	85,250
539000 · Misc Power Generation Expense			
539100 · Misc Exp - Swan Lake	8,240	10,000	130,690
539150 · Misc Expense - SWL SEAPA	1,190	2,000	83,200
539200 · Misc Expense - Tyee Lake	9,325	33,870	80,500
539250 · Misc Expense - TYL SEAPA	9,004	10,000	181,000
Total 539000 · Misc Power Generation Expense	27,760	55,870	475,390
540000 · Rents			
540300 · FERC Land Use Fee - Swan Lake	876	1,000	12,000
540400 · FERC Land Use Fee - Tyee Lake	3,196	5,220	40,000
540500 · USDA Land Use Fee - USFS ROW	1,570	1,650	20,000
540600 · USDA Land Use Fee - STI	4,810	4,800	58,000
540700 · USDA Tyee Passive Reflector	105	100	1,300
540710 · USDA Etolin Burnett Radio	44	50	600
Total 540000 · Rents	10,602	12,820	131,900
541000 · Hydro Power Station Maintenance			
541100 · Maint/Supervision - Swan Lake	3,175	10,000	19,000
541150 · Maintenance - SWL SEAPA	9,929	3,200	5,000
541200 · Maint/Supervision - Tyee Lake	(20)	-	10,000
541250 · Maintenance - TYL SEAPA	-	-	10,000
Total 541000 · Hydro Power Station Maintenance	13,084	13,200	44,000
543000 · Dams, Reservoirs & Waterways			
543150 · Dams Res & Waterwys - SWL SEAPA	-	-	10,000
543200 · Dams Res & Waterwys - Tyee Lake	-	-	2,500
543250 · Dams Res & Waterwys - TYL SEAPA	1,265	1,300	39,075
Total 543000 · Dams, Reservoirs & Waterways	1,265	1,300	51,575

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
JULY 2014

	Jul 14	Budget	Annual Budget
544000 · Maintenance of Electric Plant			
544100 · Maint Electric Plant-Swan Lake	59,561	60,000	581,000
544200 · Maint Electric Plant-Tyee Lake	72,469	73,000	82,000
5442900 · TYL Plant Wages & Benefits			
5442911 · TYL Plant Wages/PTO	-	-	312,600
5442912 · TYL Plant Wages OT	-	-	27,300
5442920 · TYL Plant Benefit - Taxes	-	-	30,000
5442930 · TYL Plant Benefits - Insurance	-	-	64,500
5442940 · TYL Plant Benefits - Retirement	-	-	60,100
Total 5442900 · TYL Plant Wages & Benefits	-	-	494,500
Total 544000 · Maintenance of Electric Plant	132,029	133,000	1,157,500
545000 · Plant Miscellaneous Maintenance			
545100 · Plant Misc Maint - Swan Lake	5,024	5,000	42,000
545150 · Plant Misc Maint - SWL SEAPA	15,464	-	24,100
545200 · Plant Misc Maint - Tyee Lake	2,807	60	17,500
545250 · Plant Misc Maint - TYL SEAPA	51	4,480	5,650
Total 545000 · Plant Miscellaneous Maintenance	23,347	9,540	89,250
561000 · Trans/Gen SCADA			
561150 · Trans/Gen SCADA - SWL SEAPA	-	-	35,000
561250 · Trans/Gen SCADA - TYL SEAPA	-	-	35,000
Total 561000 · Trans/Gen SCADA	-	-	70,000
562000 · Trans/Operations Station Exp			
562100 · Trans/Ops Station - Swan Lake	12,869	13,000	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	500	35,000
562200 · Trans/Ops Station - Tyee Lake	350	-	26,000
562250 · Trans/Ops Station-TYL SEAPA	8,585	10,000	83,500
Total 562000 · Trans/Operations Station Exp	21,804	23,500	159,500
564000 · Trans/Submarine Cable Expense			
564200 · Trans/Sub Cable Exp - Tyee Lake	-	250	12,000
564250 · Trans/Sub Cable Exp - TYL SEAPA	-	-	10,000
Total 564000 · Trans/Submarine Cable Expense	-	250	22,000
571000 · Trans/Maint Overhead Lines(OHL)			
571100 · Trans/Maint OHL - Swan Lake	-	-	15,000
571150 · Trans/Maint OHL - SWL SEAPA	-	-	248,630
571151 · Trans/Maint OHL - SWL ROW Clear	-	-	250,000
571200 · Trans/Maint OHL - Tyee Lake	17,315	17,650	53,600
571250 · Trans/Maint OHL - TYL SEAPA	-	1,320	494,380
5712900 · TYL Brushing Wages & Benefits			
5712911 · TYL Brushing Wages/PTO	-	-	123,000
5712912 · TYL Brushing Wages OT	-	-	6,200
5712920 · TYL Brushing Benefit - Taxes	-	-	10,500
5712930 · TYL Brushing Benefit- Insurance	-	-	33,500
5712940 · TYL Brushing Benefit- Retirement	-	-	19,000
Total 5712900 · TYL Brushing Wages & Benefits	-	-	192,200
571300 · Trans/Maint OHL STI Maintenance	-	-	304,150
571600 · Trans/Maint OHL Spare Mat Stor	-	-	500
571800 · Trans/Maint OHL System Events	-	-	100,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	17,315	18,970	1,658,460

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison

JULY 2014

	Jul 14	Budget	Annual Budget
920000 · Administrative Expenses			
920100 · Admin Wages & Benefits			
9201911 · Admin Wages/PTO	30,696	35,000	805,000
9201912 · Admin Wages - Overtime	-	-	1,000
9201920 · Admin Benefit - Taxes	2,378	3,000	57,300
9201930 · Admin Benefit - H&W Insurance	5,271	5,500	182,100
9201940 · Admin Benefit - Retirement	9,841	10,000	246,700
Total 920100 · Admin Wages & Benefits	48,186	53,500	1,292,100
Total 920000 · Administrative Expenses	48,186	53,500	1,292,100
921000 · Office Expenses			
921100 · Office Supplies	996	1,000	17,500
921200 · Office Equipment	2,801	3,000	24,450
921300 · Phone, Courier, Internet	6,963	7,000	86,260
921400 · System Network / IT Support	3,543	3,500	60,000
921600 · Vehicle Expenses	-	-	2,500
Total 921000 · Office Expenses	14,304	14,500	190,710
922000 · Legislative Affairs	4,000	4,000	65,000
923000 · Contract Services			
923200 · Annual Financial Audit	-	-	25,000
923300 · Bank & Trustee Fees	426	300	11,050
923400 · Insurance Consultant	1,853	7,000	18,000
923500 · Investment Consultant	1,691	1,140	26,000
923600 · Legal Fees	8,502	9,000	145,000
923700 · Recruitment	190	200	30,000
923800 · Other Professional Services	3,818	4,500	171,000
Total 923000 · Contract Services	16,480	22,140	426,050
924000 · Insurance	39,414	45,000	529,000
926000 · Retiree Benefits	-	-	210,000
928000 · Regulatory Commission Expense			
928150 · FERC SWL Admin Fees	2,762	3,800	47,500
928151 · FERC SWL Other Expenses	261	250	60,920
928152 · AK DNR SWL Fees	-	-	50
928250 · FERC TYL Admin Fees	2,517	3,000	45,000
928251 · FERC TYL Other Expenses	-	-	7,750
928252 · AK DNR TYL Fees	-	-	100
928000 · Regulatory Commission Expense - Other	4,500		
Total 928000 · Regulatory Commission Expense	10,040	7,050	161,320
930000 · General Expenses			
930100 · Advertising Expense	-	600	5,000
930110 · Public Relations	-	1,600	25,000
930111 · PR - SEAPA History Project	-	-	35,000
930300 · Association Dues Expense	660	800	27,650
930310 · Professional Assn Dues	220	250	500
930400 · Board Meeting Expenses	264	500	45,000
930500 · Training Expense	804	1,000	29,000
930600 · Travel Expense	3,604	4,000	40,000
930700 · Non-Travel Incidental	119	200	3,000
Total 930000 · General Expenses	5,671	8,950	210,150
931000 · Admin Rent			
931010 · Office Rent	4,309	4,500	53,200
931100 · Apartment Rent - Ketchikan	750	750	9,000
Total 931000 · Admin Rent	5,059	5,250	62,200
Total Expense	497,236	473,110	7,630,175
Net Ordinary Income	390,308	504,050	4,051,477

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
JULY 2014

	Jul 14	Budget	Annual Budget
Other Income/Expense			
Other Income			
941000 · Grant Income	(114,325)		
941100 · Third Party Income	(12,013)		
942000 · Interest Income			
942100 · Misc Interest Income	282		
942200 · Investment Interest Income	3,621		
942000 · Interest Income - Other	451		
Total 942000 · Interest Income	<u>4,354</u>		
944000 · Realized Gain/Loss			
944200 · Realized Gain/Loss on Invest	1,996		
Total 944000 · Realized Gain/Loss	<u>1,996</u>		
945000 · Unrealized Gain/Loss			
945200 · Unrealized Gain/Loss Investment	(17,494)		
Total 945000 · Unrealized Gain/Loss	<u>(17,494)</u>		
Total Other Income	(137,483)		
Other Expense			
952000 · Bond Interest 2009 Series	53,971		
953000 · Depreciation Expense	338,483		
954000 · Grant Expenses			
954002 · Grant Contractual	100,783		
954004 · Grant Labor & Benefits	17		
954006 · Grant Materials & Supplies	21		
954007 · Grant Other Expense	-		
954008 · Grant Travel	345		
Total 954000 · Grant Expenses	<u>101,166</u>		
Total Other Expense	493,620		
Net Other Income	(631,103)		
Net Income	(240,794)	504,050	4,051,477

R&R Project	FY15 Budget	FY15 Expenditures		ANNUAL EXPENDITURES					Overall BUDGET
				FY12	FY13	FY14	FY15	TOTAL	
220-12 SCADA Upgrade	\$ 177,400	\$ 59,305	TYL portion capitalized \$675K	130,663	156,453	880,036	59,305	1,226,456	1,347,209
228-13 Circuit Switcher WRG	\$ 170,000	\$ 33	Delivered to Wrangell Oct 2014		-	-	33	33	170,000
231-13 Helicopter Pads	\$ 1,500,000	\$ 31,231	Prototype capitalized \$115K FY14		57,731	98,391	31,231	187,353	3,350,000
232-13 Communications Upgrade	\$ 326,000	\$ 7,858	Capitalized SWL-SEAPA portion \$177K FY14		12,160	184,771	7,858	204,789	520,100
236-13 Wrangell Reactor	\$ 1,489,391	\$ 14,293	Scheduled for Nov inspection		55,066	216,832	14,293	286,191	1,600,000
240-13 Cooling Water TYL	\$ 105,534	\$ -	Capitalized piping \$94,165		26,600	67,566	-	94,165	199,700
241-13 Stream Gauge TYL	\$ 910,478	\$ -	Capitalized Weir & Helipad \$598,332		37,845	562,635	-	600,480	1,467,758
242-13 Reservoir Expansion SWL	\$ 763,736 \$ (763,736)	\$ 208,332	Increased Storage DCCED Grant Funds	151,421	421,782 (6,392)	394,811 (245,260)	208,332 (75,163)	1,176,346 (326,816)	13,391,869 (3,898,000)
245-14 Crew Boat SWL	\$ 157,843	\$ 157,017	Manufacturing stage			357	157,017	157,374	158,200
248-14 Lathe TYL	\$ 25,177	\$ -	Vendor nonresponsive.			16,593	-	16,823	42,000
249-14 Marine Term Gage/CommTYL	\$ 245,000	\$ 3,103	Scheduled for FY2015.			-	3,103	3,103	245,000
251-14 Powerhs Roof Repair SWL	\$ 398,987	\$ 3,200	Bid specs being developed			913	3,200	4,113	399,900
252-14 Submarine SpliceSpareTYL	\$ 288,000	\$ -	Existing kits being evaluated			-	-	-	288,000
254-14 Water Tank Remediatn SWL	\$ 69,200	\$ 398	No response to bid invitation			3,800	398	4,198	73,000
255-14 Wood Helipad Repair SWL	\$ 104,000	\$ 446					446	446	104,000
256-15 Alarm Trip Protectn SWL-TYL	\$ 222,000	\$ -					-	-	222,000
257-15 Pressure-Reducing Valve TYL	\$ 71,000	\$ -					-	-	71,000
258-15 System Control Improve SWL-T	\$ 116,800	\$ -					-	-	116,800
259-15 Turbine Shutoff Valves TYL	\$ 575,240	\$ 829					829	829	575,240
260-15 Exciters SWL	\$ 816,500	\$ 1,500					1,500	1,500	816,500
261-15 Generator Switch Gear SWL	\$ 946,800	\$ 1,000					1,000	1,000	946,800
Total WIP R&R Capital Projects	\$8,715,350	\$488,545		\$282,084	\$761,244	\$2,181,444	\$413,382	\$3,638,383	\$22,207,076

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
220-12 SCADA Upgrade			\$177,400	-	SEAPA System SCADA Consolidation Project. Installation nearly complete. (E.Wolfe)
	\$130,663	<i>FY12 Expenditures</i>			
	\$156,453	<i>FY13 Expenditures</i>			FY14 CAPITALIZED TYL Portion of Project \$674K
	\$881,204	<i>FY14 Expenditures</i>			
	(\$674,780)	<i>FY14 TYL Portion Capitalized</i>			
06/30/14	811	Fiber Fusion		5,074	
06/30/14	812	Fiber Fusion		2,144	
06/30/14	INV14012	Segrity LLC		14,810	
08/22/14	28997	<i>Taquan Air</i>		156	
08/27/14	51932	<i>Sunrise Aviation Inc</i>		313	
08/29/14	51939	Sunrise Aviation Inc		720	
08/30/14	INV14014	Segrity LLC		8,212	
09/05/14	825	Fiber Fusion		1,967	
09/05/14	825	Fiber Fusion		1,967	
09/05/14	825	Fiber Fusion		1,967	
09/16/14	826	Fiber Fusion		10,671	
09/16/14	826	Fiber Fusion		10,671	
09/17/14	INV14015	Segrity LLC		587	
09/30/14	373			48	
Total 220-12 SCADA Upgrade				551,676	
228-13 Circuit Switcher WRG			\$170,000	-	Replace manual 3-phase circuit switcher at the Wrangell switchyard.
07/31/14	HEN0453-201407	"Bank of America		33	Delivered to WRG switchyard October 2014. (S.Henson)
Total 228-13 Circuit Switcher Wrg				33	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
231-13 Helicopter Pads			\$1,500,000	-	Helipad installation on the intertie and replacement of pads on Swan and Tye lines. Prototype installed on the STI in November 2013. Helipad design contract awarded to PND in April 2014. (S.Henson)
	\$57,731	<i>FY13 Expenditures</i>			
	\$98,391	<i>FY14 Expenditures</i>			
	364	FY14 Capitalize Prototypes		(114,921)	FY14 CAPITALIZED \$114,921 (Prototypes)
	(\$114,921)	<i>FY14 Capitalize Prototypes</i>			
06/30/14	1320117	Tongass Engineering		3,176	
06/30/14	14070071	PND Engineers		1,170	
07/25/14	50824990	Tetra Tech Inc		857	
07/31/14	27996	Temsco Helicopters, Inc.		2,569	
08/01/14	28032	Temsco Helicopters, Inc.		1,339	
08/16/14	BAM122	BAM, LLC		13,350	
08/18/14	14080064	PND Engineers		2,274	
08/22/14	50828719	Tetra Tech Inc		690	
08/31/14	1320118	Tongass Engineering		5,723	
09/26/14	50846456	Tetra Tech Inc		84	
Total 231-13 Helicopter Pads				<u>72,432</u>	
232-13 Communications Upgrade			\$326,000	-	Preferred recommendation for SEAPA Communications upgrade. Continuation of Gillespie, Prudhon & Assoc. "Communication Network Evaluation & Recommendation" study. (S. Henson)
	\$12,160	<i>FY13 Expenditures</i>			
	\$184,771	<i>FY14 Expenditures</i>			
	(\$177,163)	<i>FY14 Capitalize SWL-SEA Office</i>			
06/27/14	50814461	Tetra Tech Inc		999	Satellite dishes and telephone systems installed at Swan Lake and SEAPA Office in December 2013. Permitting process for the Tye Lake satellite dish underway.
09/30/14	INV14012	Segrity LLC		750	
07/25/14	50826176	Tetra Tech Inc		952	
08/22/14	50828723	Tetra Tech Inc		3,625	CAPITALIZED SWL-SEAPA Office \$177,163
08/26/14	Easement	AK DNR 111020 JNU		100	
09/26/14	50846461	Tetra Tech Inc		1,432	
Total 232-13 Communications Upgrade				<u>27,626</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
236-13 Wrangell Reactor			\$1,489,391	-	Replace aging reactor in Wrangell with switchable reactors and capacitors. Studies performed by EPS and Segrity. Design is complete.
	\$55,066	<i>FY13 Expenditures</i>			
11/30/13	2147	Electric Power Systems Inc.		9,621	Bid for manufacture awarded to ABB in March 2014 with scheduled
01/23/14	2433	Electric Power Systems Inc.		18,104	delivery in October. (S.Henson)
01/24/14	3284184	Daily Journal of Commerce		91	
01/31/14	2655	Electric Power Systems Inc.		8,402	
04/22/14	3031	Electric Power Systems Inc.		7,034	
05/15/14	3199	Electric Power Systems Inc.		12,292	
05/31/14	3609	Electric Power Systems Inc.		1,689	
06/13/14	7102292678	ABB Inc		159,600	
07/31/14	4130	Electric Power Systems Inc.		1,750	
09/16/14	4390	Electric Power Systems Inc.		2,030	
09/30/14	4651	Electric Power Systems Inc.		10,513	
Total 236-13 Wrangell Reactors				<u>286,191</u>	
240-13 Cooling Water TYL			\$105,534	-	Piping installation complete. Valves and control work remain.
	\$ 26,600	<i>FY13 Expenditures</i>			CAPITALIZED PIPE INSTALLATION \$94,165
	\$ 67,566	<i>FY14 Expenditures</i>			
	\$ (94,165)	<i>FY14 Pipe Install Capitalized</i>			
Total Project				<u>-</u>	
241-13 Stream Gauge TYL			\$910,478	-	Logs cleared July 2013. Weir construction completed and helipad place at
	\$ 37,845	<i>FY13 Expenditures</i>			site in September 2013. Emergency shack to be constructed in spring/
09/27/13	350220	Northland Services		252	summer.
11/30/13	8129541	Madison Lumber & Hardware Inc		351	FY14 CAPITALIZED WEIR & HELIPAD \$598,332
11/30/13	8129671	Madison Lumber & Hardware Inc		86	
11/30/13	8010541	Madison Lumber & Hardware Inc		1,457	
	\$ 562,635	<i>FY14 Expenditures</i>			
	\$ (598,332)	<i>FY14 Weir & Helipad Capitalized</i>			
Total 241-13 Stream Gauge TYL				<u>2,148</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
242-13 Reservoir Expansion SWL			\$763,736		Refer to report from Director of Special Projects.
AK DCCED Grant >			(\$763,736)		
06/30/12	\$ 151,421	<i>FY12 Expenditures</i>		151,421	
	\$ 421,782	<i>FY13 Expenditures</i>			
	\$ 394,811	<i>FY14 Expenditures</i>		-	
06/27/14	90495970	Hatch Associates Consultants, Inc	\$	5,505	
06/30/14	ALL9609-201406	"Bank of America, \$99.00		99	
06/30/14	51490004	Jacobs Associates, \$34525		34,525	
06/30/14	51490005	Jacobs Associates		18,544	
08/05/14	28753	Taquan Air		935	
08/29/14	51490006	Jacobs Associates		110,127	
08/31/14	ALL9609-201408	"Bank of America		166	
08/31/14	KDR201408	de Rubertis, Kim		800	
09/07/14	4284	McMillen LLC		20,193	
09/30/14	1409	Glenn Brewer Consulting Engineer		6,854	
09/30/14	WOL7101-201409	"Bank of America		541	
09/30/14	KDR201409	de Rubertis, Kim		4,139	
09/30/14	2	Kollgaard, Eric B.		5,904	
Total 242-13 Reservoir Expansion SWL				1,176,346	
243-14 Compactor-Roller TYL			\$0		Purchased and shipped to Wrangell in Mar 2014. Delivered to Tye in September, 2014. Capitalize FY2015.
08/08/13	28027	Ketchikan Daily News		47	
08/08/13	54324	Pilot Publishing, Inc.		44	
08/08/13	54314	Wrangell Sentinel		36	
03/14/14	K40247	Tyler Rental, Inc.		63,900	
03/17/14	S019WRA23N	Samson Tug & Barge		1,364	
Total 243-14 Compactor-Roller TYL				65,391	
245-14 Crew Boat SWL			\$157,843		Contract to manufacture awarded to Munson Boats in March 2014. In service August 2014. CLOSED - SEP 2015.
09/19/13	3280081	Daily Journal of Commerce		42	
09/19/13	28290	Ketchikan Daily News		53	
09/28/13	54635	Wrangell Sentinel		39	
02/10/14	3284726	Daily Journal of Commerce		48	
02/11/14	15009	Ketchikan Daily News		65	
02/14/14	55767	Pilot Publishing, Inc.		61	
02/14/14	55776	Wrangell Sentinel		50	
08/21/14	2014094	Munson Boats (William E. Munson)		109,226	
09/08/14	2014096	Munson Boats (William E. Munson)		47,791	
Total 245-14 Crew Boat SWL				157,374	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
248-14 Lathe TYL			\$25,177		Vendor has been unresponsive; seeking delivery or refund. Working with legal.
06/30/13	MK201306	Morris Kepler Consulting		230.00	
07/09/13	IMC1	Idaho Machinery Company, LLC		16,334.00	
07/31/13	MKC201307	Morris Kepler Consulting		258.75	
Total 248-14 Lathe TYL				<u>16,823</u>	
249-14 Marine Term Gage/Comm			\$245,000		Scheduled for FY2015. (S.Henson)
08/02/14	28039	Temsco Helicopters, Inc.		2,558	
08/04/14	215939	Best Western Landing Hotel		545	
Total 249-14 Marine Term Gage/Co				<u>3,103</u>	
251-14 Powerhs Roof Repair SWL			\$398,987		Specifications for bid under development by May Engineering.
04/28/14	201	May Engineering Services LLC		913	
06/03/14	202	May Engineering Services LLC		875	
06/27/14	203	May Engineering Services LLC		625	
07/30/14	204	May Engineering Services LLC		738	
08/31/14	205.	May Engineering Services LLC		713	
09/15/14	206	May Engineering Services LLC		250	
Total 251-14 Powerhs Roof Repair				<u>4,113</u>	
252-14 Submarine SpliceSpareTYL			\$288,000		Existing spares being evaluated to determine portions that require replacement.
Total 252-14 Submarine Splice SpareTYL				<u>-</u>	
254-14 Water Tank Remediattn SWL			\$69,200		Engineered. No response to bid invitation. Remediation costs being compared to replacement. Operations manager evaluating.
04/28/14	301	May Engineering Services LLC		875	
06/03/14	302	May Engineering Services LLC		2,925	
07/30/14	29774	Ketchikan Daily News		55	
08/01/14	515801	Juneau Empire		185	
08/03/14	1186365	Alaska Dispatch News		60	
08/09/14	57065	Pilot Publishing, Inc.		54	
08/09/14	57062	Wrangell Sentinel		44	
Total Water Tank Remediattn SWL				<u>4,198</u>	
255-14 Wood Helipad Repair SWL			\$104,000		Bid packet being developed.
08/12/14	28067	Temsco Helicopters, Inc.		446	
Total 255-14 Wood Helipad Repair SWL				<u>446</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
256-15 Alarm Trip Protection SWL			\$222,000		Two-year project; review sensors and relays, reliability and critical protection issue.
Total 256-15 Alarm Trip Protection SWL-TYL				<u>-</u>	
257-15 Pressure-Reducing Valve T			\$71,000		System protection issue; affects cooling water and water used in housing.
Total 257-15 Pressure-Reducing Valve TYL				<u>-</u>	
258-15 System Control Improvements			\$116,800		Increase reliability at both plants; coordinate facilities' operations.
Total 258-15 System Control Improvements SWL-TYL				<u>-</u>	
259-15 Turbine Shutoff Valves TYL			\$575,240		Replace existing water-based system with oil-based system.
08/22/14	28997	Taquan Air		156	
08/27/14	51932	Sunrise Aviation Inc		313	
08/28/14	51935	Sunrise Aviation Inc		360	
Total 259-15 Turbine Shutoff Valve TYL				<u>829</u>	
260-15 Exciters SWL			\$816,500		Replace 1997 generators. Coordinated with 261-15. June invoice for development of project specifications.
06/30/14	INV14012	Segrity LLC		1,500	
Total 260-15 Exciters SWL				<u>1,500</u>	
261-15 Generator Switch Gear SW			\$946,800		Replace existing gear; includes spare breaker. Coordinate with 260-15.
06/30/14	INV14012	Segrity LLC		1,000	June invoice for development of project specifications.
Total 261-15 Generator Switch Gear SWL				<u>1,000</u>	
Total WIP R&R Capital Projects		\$	8,715,350	\$	2,371,229

R&R Project	FY15 Budget	FY15 Expenditures		ANNUAL EXPENDITURES					Overall BUDGET
				FY12	FY13	FY14	FY15	TOTAL	
220-12 SCADA Upgrade	\$ 177,400	\$ 59,305	TYL portion capitalized \$675K	130,663	156,453	880,036	59,305	1,226,456	1,347,209
228-13 Circuit Switcher WRG	\$ 170,000	\$ 33	Delivered to Wrangell Oct 2014		-	-	33	33	170,000
231-13 Helicopter Pads	\$ 1,500,000	\$ 31,231	Prototype capitalized \$115K FY14		57,731	98,391	31,231	187,353	3,350,000
232-13 Communications Upgrade	\$ 326,000	\$ 7,858	Capitalized SWL-SEAPA portion \$177K FY14		12,160	184,771	7,858	204,789	520,100
236-13 Wrangell Reactor	\$ 1,489,391	\$ 14,293	Scheduled for Nov inspection		55,066	216,832	14,293	286,191	1,600,000
240-13 Cooling Water TYL	\$ 105,534	\$ -	Capitalized piping \$94,165		26,600	67,566	-	94,165	199,700
241-13 Stream Gauge TYL	\$ 910,478	\$ -	Capitalized Weir & Helipad \$598,332		37,845	562,635	-	600,480	1,467,758
242-13 Reservoir Expansion SWL	\$ 763,736 \$ (763,736)	\$ 208,332	Increased Storage DCCED Grant Funds	151,421	421,782 (6,392)	394,811 (245,260)	208,332 (75,163)	1,176,346 (326,816)	13,391,869 (3,898,000)
245-14 Crew Boat SWL	\$ 157,843	\$ 157,017	Manufacturing stage			357	157,017	157,374	158,200
248-14 Lathe TYL	\$ 25,177	\$ -	Vendor nonresponsive.			16,593	-	16,823	42,000
249-14 Marine Term Gage/CommTYL	\$ 245,000	\$ 3,103	Scheduled for FY2015.			-	3,103	3,103	245,000
251-14 Powerhs Roof Repair SWL	\$ 398,987	\$ 3,200	Bid specs being developed			913	3,200	4,113	399,900
252-14 Submarine SpliceSpareTYL	\$ 288,000	\$ -	Existing kits being evaluated			-	-	-	288,000
254-14 Water Tank Remediatn SWL	\$ 69,200	\$ 398	No response to bid invitation			3,800	398	4,198	73,000
255-14 Wood Helipad Repair SWL	\$ 104,000	\$ 446					446	446	104,000
256-15 Alarm Trip Protectn SWL-TYL	\$ 222,000	\$ -					-	-	222,000
257-15 Pressure-Reducing Valve TYL	\$ 71,000	\$ -					-	-	71,000
258-15 System Control Improve SWL-T	\$ 116,800	\$ -					-	-	116,800
259-15 Turbine Shutoff Valves TYL	\$ 575,240	\$ 829					829	829	575,240
260-15 Exciters SWL	\$ 816,500	\$ 1,500					1,500	1,500	816,500
261-15 Generator Switch Gear SWL	\$ 946,800	\$ 1,000					1,000	1,000	946,800
Total WIP R&R Capital Projects	\$8,715,350	\$488,545		\$282,084	\$761,244	\$2,181,444	\$413,382	\$3,638,383	\$22,207,076

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
220-12 SCADA Upgrade			\$177,400	-	SEAPA System SCADA Consolidation Project. Installation nearly complete. (E.Wolfe)
	\$130,663	<i>FY12 Expenditures</i>			
	\$156,453	<i>FY13 Expenditures</i>			FY14 CAPITALIZED TYL Portion of Project \$674K
	\$881,204	<i>FY14 Expenditures</i>			
	(\$674,780)	<i>FY14 TYL Portion Capitalized</i>			
06/30/14	811	Fiber Fusion		5,074	
06/30/14	812	Fiber Fusion		2,144	
06/30/14	INV14012	Segrity LLC		14,810	
08/22/14	28997	<i>Taquan Air</i>		156	
08/27/14	51932	<i>Sunrise Aviation Inc</i>		313	
08/29/14	51939	Sunrise Aviation Inc		720	
08/30/14	INV14014	Segrity LLC		8,212	
09/05/14	825	Fiber Fusion		1,967	
09/05/14	825	Fiber Fusion		1,967	
09/05/14	825	Fiber Fusion		1,967	
09/16/14	826	Fiber Fusion		10,671	
09/16/14	826	Fiber Fusion		10,671	
09/17/14	INV14015	Segrity LLC		587	
09/30/14	373			48	
Total 220-12 SCADA Upgrade				551,676	
228-13 Circuit Switcher WRG			\$170,000	-	Replace manual 3-phase circuit switcher at the Wrangell switchyard.
07/31/14	HEN0453-201407	"Bank of America		33	Delivered to WRG switchyard October 2014. (S.Henson)
Total 228-13 Circuit Switcher Wrg				33	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
231-13 Helicopter Pads			\$1,500,000	-	Helipad installation on the intertie and replacement of pads on Swan and Tye lines. Prototype installed on the STI in November 2013. Helipad design contract awarded to PND in April 2014. (S.Henson)
	\$57,731	<i>FY13 Expenditures</i>			
	\$98,391	<i>FY14 Expenditures</i>			
	364	FY14 Capitalize Prototypes		(114,921)	FY14 CAPITALIZED \$114,921 (Prototypes)
	(\$114,921)	<i>FY14 Capitalize Prototypes</i>			
06/30/14	1320117	Tongass Engineering		3,176	
06/30/14	14070071	PND Engineers		1,170	
07/25/14	50824990	Tetra Tech Inc		857	
07/31/14	27996	Temsco Helicopters, Inc.		2,569	
08/01/14	28032	Temsco Helicopters, Inc.		1,339	
08/16/14	BAM122	BAM, LLC		13,350	
08/18/14	14080064	PND Engineers		2,274	
08/22/14	50828719	Tetra Tech Inc		690	
08/31/14	1320118	Tongass Engineering		5,723	
09/26/14	50846456	Tetra Tech Inc		84	
Total 231-13 Helicopter Pads				<u>72,432</u>	
232-13 Communications Upgrade			\$326,000	-	Preferred recommendation for SEAPA Communications upgrade. Continuation of Gillespie, Prudhon & Assoc. "Communication Network Evaluation & Recommendation" study. (S. Henson)
	\$12,160	<i>FY13 Expenditures</i>			
	\$184,771	<i>FY14 Expenditures</i>			
	(\$177,163)	<i>FY14 Capitalize SWL-SEA Office</i>			
06/27/14	50814461	Tetra Tech Inc		999	Satellite dishes and telephone systems installed at Swan Lake and SEAPA Office in December 2013. Permitting process for the Tye Lake satellite dish underway.
09/30/14	INV14012	Segrity LLC		750	
07/25/14	50826176	Tetra Tech Inc		952	
08/22/14	50828723	Tetra Tech Inc		3,625	CAPITALIZED SWL-SEAPA Office \$177,163
08/26/14	Easement	AK DNR 111020 JNU		100	
09/26/14	50846461	Tetra Tech Inc		1,432	
Total 232-13 Communications Upgrade				<u>27,626</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
236-13 Wrangell Reactor			\$1,489,391	-	Replace aging reactor in Wrangell with switchable reactors and capacitors. Studies performed by EPS and Segrity. Design is complete.
	\$55,066	<i>FY13 Expenditures</i>			
11/30/13	2147	Electric Power Systems Inc.		9,621	Bid for manufacture awarded to ABB in March 2014 with scheduled
01/23/14	2433	Electric Power Systems Inc.		18,104	delivery in October. (S.Henson)
01/24/14	3284184	Daily Journal of Commerce		91	
01/31/14	2655	Electric Power Systems Inc.		8,402	
04/22/14	3031	Electric Power Systems Inc.		7,034	
05/15/14	3199	Electric Power Systems Inc.		12,292	
05/31/14	3609	Electric Power Systems Inc.		1,689	
06/13/14	7102292678	ABB Inc		159,600	
07/31/14	4130	Electric Power Systems Inc.		1,750	
09/16/14	4390	Electric Power Systems Inc.		2,030	
09/30/14	4651	Electric Power Systems Inc.		10,513	
Total 236-13 Wrangell Reactors				<u>286,191</u>	
240-13 Cooling Water TYL			\$105,534	-	Piping installation complete. Valves and control work remain.
	\$ 26,600	<i>FY13 Expenditures</i>			CAPITALIZED PIPE INSTALLATION \$94,165
	\$ 67,566	<i>FY14 Expenditures</i>			
	\$ (94,165)	<i>FY14 Pipe Install Capitalized</i>			
Total Project				<u>-</u>	
241-13 Stream Gauge TYL			\$910,478	-	Logs cleared July 2013. Weir construction completed and helipad place at site in September 2013. Emergency shack to be constructed in spring/summer.
	\$ 37,845	<i>FY13 Expenditures</i>			
09/27/13	350220	Northland Services		252	
11/30/13	8129541	Madison Lumber & Hardware Inc		351	FY14 CAPITALIZED WEIR & HELIPAD \$598,332
11/30/13	8129671	Madison Lumber & Hardware Inc		86	
11/30/13	8010541	Madison Lumber & Hardware Inc		1,457	
	\$ 562,635	<i>FY14 Expenditures</i>			
	\$ (598,332)	<i>FY14 Weir & Helipad Capitalized</i>			
Total 241-13 Stream Gauge TYL				<u>2,148</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
242-13 Reservoir Expansion SWL			\$763,736		Refer to report from Director of Special Projects.
AK DCCED Grant >			(\$763,736)		
06/30/12	\$ 151,421	<i>FY12 Expenditures</i>		151,421	
	\$ 421,782	<i>FY13 Expenditures</i>			
	\$ 394,811	<i>FY14 Expenditures</i>		-	
06/27/14	90495970	Hatch Associates Consultants, Inc	\$	5,505	
06/30/14	ALL9609-201406	"Bank of America, \$99.00		99	
06/30/14	51490004	Jacobs Associates, \$34525		34,525	
06/30/14	51490005	Jacobs Associates		18,544	
08/05/14	28753	Taquan Air		935	
08/29/14	51490006	Jacobs Associates		110,127	
08/31/14	ALL9609-201408	"Bank of America		166	
08/31/14	KDR201408	de Rubertis, Kim		800	
09/07/14	4284	McMillen LLC		20,193	
09/30/14	1409	Glenn Brewer Consulting Engineer		6,854	
09/30/14	WOL7101-201409	"Bank of America		541	
09/30/14	KDR201409	de Rubertis, Kim		4,139	
09/30/14	2	Kollgaard, Eric B.		5,904	
Total 242-13 Reservoir Expansion SWL				1,176,346	
243-14 Compactor-Roller TYL			\$0		Purchased and shipped to Wrangell in Mar 2014. Delivered to Tyee in September, 2014. Capitalize FY2015.
08/08/13	28027	Ketchikan Daily News		47	
08/08/13	54324	Pilot Publishing, Inc.		44	
08/08/13	54314	Wrangell Sentinel		36	
03/14/14	K40247	Tyler Rental, Inc.		63,900	
03/17/14	S019WRA23N	Samson Tug & Barge		1,364	
Total 243-14 Compactor-Roller TYL				65,391	
245-14 Crew Boat SWL			\$157,843		Contract to manufacture awarded to Munson Boats in March 2014. In service August 2014. CLOSED - SEP 2015.
09/19/13	3280081	Daily Journal of Commerce		42	
09/19/13	28290	Ketchikan Daily News		53	
09/28/13	54635	Wrangell Sentinel		39	
02/10/14	3284726	Daily Journal of Commerce		48	
02/11/14	15009	Ketchikan Daily News		65	
02/14/14	55767	Pilot Publishing, Inc.		61	
02/14/14	55776	Wrangell Sentinel		50	
08/21/14	2014094	Munson Boats (William E. Munson)		109,226	
09/08/14	2014096	Munson Boats (William E. Munson)		47,791	
Total 245-14 Crew Boat SWL				157,374	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
248-14 Lathe TYL			\$25,177		Vendor has been unresponsive; seeking delivery or refund. Working with legal.
06/30/13	MK201306	Morris Kepler Consulting		230.00	
07/09/13	IMC1	Idaho Machinery Company, LLC		16,334.00	
07/31/13	MKC201307	Morris Kepler Consulting		258.75	
Total 248-14 Lathe TYL				<u>16,823</u>	
249-14 Marine Term Gage/Comm			\$245,000		Scheduled for FY2015. (S.Henson)
08/02/14	28039	Temsco Helicopters, Inc.		2,558	
08/04/14	215939	Best Western Landing Hotel		545	
Total 249-14 Marine Term Gage/Co				<u>3,103</u>	
251-14 Powerhs Roof Repair SWL			\$398,987		Specifications for bid under development by May Engineering.
04/28/14	201	May Engineering Services LLC		913	
06/03/14	202	May Engineering Services LLC		875	
06/27/14	203	May Engineering Services LLC		625	
07/30/14	204	May Engineering Services LLC		738	
08/31/14	205	May Engineering Services LLC		713	
09/15/14	206	May Engineering Services LLC		250	
Total 251-14 Powerhs Roof Repair				<u>4,113</u>	
252-14 Submarine SpliceSpareTYL			\$288,000		Existing spares being evaluated to determine portions that require replacement.
Total 252-14 Submarine Splice SpareTYL				<u>-</u>	
254-14 Water Tank Remediattn SWL			\$69,200		Engineered. No response to bid invitation. Remediation costs being compared to replacement. Operations manager evaluating.
04/28/14	301	May Engineering Services LLC		875	
06/03/14	302	May Engineering Services LLC		2,925	
07/30/14	29774	Ketchikan Daily News		55	
08/01/14	515801	Juneau Empire		185	
08/03/14	1186365	Alaska Dispatch News		60	
08/09/14	57065	Pilot Publishing, Inc.		54	
08/09/14	57062	Wrangell Sentinel		44	
Total Water Tank Remediattn SWL				<u>4,198</u>	
255-14 Wood Helipad Repair SWL			\$104,000		Bid packet being developed.
08/12/14	28067	Temsco Helicopters, Inc.		446	
Total 255-14 Wood Helipad Repair SWL				<u>446</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
256-15 Alarm Trip Protection SWL			\$222,000		Two-year project; review sensors and relays, reliability and critical protection issue.
Total 256-15 Alarm Trip Protection SWL-TYL				<u>-</u>	
257-15 Pressure-Reducing Valve T			\$71,000		System protection issue; affects cooling water and water used in housing.
Total 257-15 Pressure-Reducing Valve TYL				<u>-</u>	
258-15 System Control Improvements			\$116,800		Increase reliability at both plants; coordinate facilities' operations.
Total 258-15 System Control Improvements SWL-TYL				<u>-</u>	
259-15 Turbine Shutoff Valves TYL			\$575,240		Replace existing water-based system with oil-based system.
08/22/14	28997	Taquan Air		156	
08/27/14	51932	Sunrise Aviation Inc		313	
08/28/14	51935	Sunrise Aviation Inc		360	
Total 259-15 Turbine Shutoff Valve TYL				<u>829</u>	
260-15 Exciters SWL			\$816,500		Replace 1997 generators. Coordinated with 261-15. June invoice for development of project specifications.
06/30/14	INV14012	Segrity LLC		1,500	
Total 260-15 Exciters SWL				<u>1,500</u>	
261-15 Generator Switch Gear SW			\$946,800		Replace existing gear; includes spare breaker. Coordinate with 260-15.
06/30/14	INV14012	Segrity LLC		1,000	June invoice for development of project specifications.
Total 261-15 Generator Switch Gear SWL				<u>1,000</u>	
Total WIP R&R Capital Projects		\$	8,715,350	\$	2,371,229



R&R245-14 CREW BOAT SWL CLOSED FY2015

Project	CREW BOAT – Swan Lake		
Description	Crew Boat for Swan Lake project.		
Cost Estimate:	\$158,200	Start Date:	JUL 2013
Actual Cost:	\$157,374	Completion Date:	AUG 2014
Project Management: Steve Henson			
Project Discussion			
<p>Swan Lake Project does not have a boat of sufficient size to ferry operators or materials and supplies back and forth from the Swan Lake Plant to Ketchikan. The open skiff that is used to work around the dock area does not afford proper protection in inclement weather for crew changes when planes cannot fly nor does it have the capacity to carry appreciable freight. With the commitment of the SEAPA board to proceed with the Swan Lake Dam Raise Project, a landing craft in the 30-foot range with the capability to haul 5,000 lbs. of freight could afford a savings in the construction of this project and provide a safe means of crew transportation.</p> <p>FY15 – Contract was awarded to Munson Boats in March 2014. The landing craft is under construction with expected delivery, including trailer, in October 2014.</p>			

Project Cost Estimate					
DESCRIPTION	BID	VENDOR	BUDGET REQUEST		SPENT
Design/Construct.	157,018	Munson Boats	Approved FY14	\$130,000	\$357
Contingency	2,163		Approved May'14	\$158,165	0
			Requested FY15	\$157,843	\$157,017
Total					\$157,374
Project Cost Estimate Discussion					
<p>The bid was awarded to Munson Boats and the Board approved change orders during the May 2014 special board meeting. The bid of \$156,037 is for a 26' landing craft and trailer, including electronics and power.</p>					

245-14 Crew Boat SWL		\$157,843	Contract to manufacture awarded to Munson Boats in March 2014. In service August 2014. Capitalize FY15.	
09/19/13	3280081	Daily Journal of Commerce	42	
09/19/13	28290	Ketchikan Daily News	53	
09/28/13	54635	Wrangell Sentinel	39	
02/10/14	3284726	Daily Journal of Commerce	48	
02/11/14	15009	Ketchikan Daily News	65	
02/14/14	55767	Pilot Publishing, Inc.	61	
02/14/14	55776	Wrangell Sentinel	50	
08/21/14	2014094	Munson Boats (William E. Mun:	109,226	
09/08/14	2014096	Munson Boats (William E. Mun:	47,791	
Total 245-14 Crew Boat SWL			<u>157,374</u>	



R&R245-14 CREW BOAT SWL CLOSED FY2015



ASSET LIST

15-300010	2015 EZ LOAD TRAILER	S/N #1ZEATYM4FA001839
15-300011	2014 MUNSON LANDING CRAFT	HULL #NUM715PKF414 AK3221-AP
15-300012	2014 YAMAHA 200 HP OUTBOARD MOTOR	S/N 6DAZ-1008816
15-300013	2014 YAMAHA 200HP OUTBOARD MOTOR	S/N 6DBX-1000848

SOUTHEAST ALASKA POWER AGENCY

AUGUST, SEPTEMBER & OCTOBER 2014 DISBURSEMENTS

<u>ACCOUNTS</u>	<u>TOTAL</u>
Revenue Fund	\$ 2,409,666.22
R&R Fund	\$ <u>303,050.15</u>
TOTAL	<u>\$ 2,712,716.37</u>

RECOMMENDED MOTION
I move to approve disbursements for the months of August, September and October, 2014 in the amount of \$2,712,716.37.

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
Easement	AK DNR 111020 JNU	-	100.00
WaterUse	AK DNR 111020 JNU	-	350.00
Subscrptn2014	Alaska Business Publishing Co.	39.95	
1192912	Alaska Dispatch News	1,838.00	
1198453	Alaska Dispatch News	411.00	
APCM201407	Alaska Permanent Capital Inc	1,691.05	
APCM201408	Alaska Permanent Capital Inc	1,693.68	
APCM201409	Alaska Permanent Capital Inc	1,693.03	
Workshop2014	Alaska Power Association	100.00	
2844	Alaska Power Association	650.00	
1387	Alpine Mini Mart	17.18	
1186365	Anchorage Daily News	-	59.76
280970	Anderes Oil	540.25	
270125	Anderes Oil	1,429.25	
282039	Anderes Oil	1,175.56	
1269	Arrowhead LP Gas WRG	21.39	
5563	Arrowhead LP Gas WRG	345.00	
1002	Ascent Law Partners, LLP	8,015.00	
1019	Ascent Law Partners, LLP	3,640.00	
1020	Ascent Law Partners, LLP	7,594.31	
1079	Ascent Law Partners, LLP	6,020.00	
1080	Ascent Law Partners, LLP	17,436.00	
2652277018	AT&T Alascom 5019	305.34	
2652394483	AT&T Alascom 5019	305.34	
BAM122	BAM, LLC	-	13,350.00
150142	Bay Company Enterprises, LLC	739.10	
150171	Bay Company Enterprises, LLC	180.00	
150179	Bay Company Enterprises, LLC	75.00	
150206	Bay Company Enterprises, LLC	1,995.76	
215838	Best Western Landing Hotel	204.25	
216131	Best Western Landing Hotel	160.00	
215939	Best Western Landing Hotel	160.00	545.47
216948	Best Western Landing Hotel	160.00	
216994	Best Western Landing Hotel	545.47	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
149936-201409	Best Western Landing Hotel	1,695.90	
215224	Best Western Landing Hotel	413.90	
215225	Best Western Landing Hotel	358.99	
215226	Best Western Landing Hotel	406.83	
215227	Best Western Landing Hotel	433.24	
215228	Best Western Landing Hotel	345.98	
215229	Best Western Landing Hotel	349.00	
215230	Best Western Landing Hotel	320.00	
217629	Best Western Landing Hotel	208.18	
218392	Best Western Landing Hotel	225.50	
BLUE201409	Blue Water Charter & Tackle	750.00	
BLUE201410	Blue Water Charter & Tackle	750.00	
BLUE201411	Blue Water Charter & Tackle	750.00	
1437	Breakaway Adventures, LLC	160.00	
P63709	Calhoun & DeJong Inc	2,806.94	
10650PB3	Chatham Electric, Inc.	141,250.00	
159488	City Market	369.57	
70225	City Market	19.98	
39416	Commonwealth Associates, Inc.	724.50	
39756	Commonwealth Associates, Inc.	193.20	
40265	Commonwealth Associates, Inc.	7,397.02	
561250	Control Engineers	125.00	
3293206	Daily Journal of Commerce	73.50	
3293207	Daily Journal of Commerce	77.70	
KDR201408	de Rubertis, Kim	800.00	
KDR201409	de Rubertis, Kim	4,139.12	
Bank Recon.	Deposit Correction	(1,770.66)	
10232	DHittle & Associates, Inc.	2,064.00	
10268	DHittle & Associates, Inc.	2,064.00	
10300	DHittle & Associates, Inc.	2,408.00	
201458	Diversified Diving Service	4,450.00	
201459	Diversified Diving Service	8,300.00	
4058	Dryden & LaRue Inc.	105.00	
409	Einset, Elizabeth	270.00	
4130	Electric Power Systems Inc.	-	1,750.00
4139	Electric Power Systems Inc.	2,604.00	
4390	Electric Power Systems Inc.	-	2,030.00
4651	Electric Power Systems Inc.	-	10,512.50
4655	Electric Power Systems Inc.	773.35	
34101	Energy Central	427.00	
201413355	EngineerJobs.com	95.00	
201413653	EngineerJobs.com	95.00	
141602	Extreme Access, Inc	5,010.61	
H14462-00	Federal Energy Regulatory Commission	37,634.32	
H14478-00	Federal Energy Regulatory Commission	34,294.77	
821	Fiber Fusion	32,941.70	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
825	Fiber Fusion	-	5,900.00
826	Fiber Fusion	-	21,341.69
SafetyDeposit	First Bank	155.00	
3991	Freeman & Sons Machine and Fabrication	115.00	
215272	Frontier Shipping & Copyworks	28.25	
217497	Frontier Shipping & Copyworks	24.29	
217795	Frontier Shipping & Copyworks	24.90	
218819	Frontier Shipping & Copyworks	45.50	
73	Full Cycle LLC	13,607.50	1,392.50
6065	Futaris	6,145.00	
62046205	Futaris	6,145.00	
63466347	Futaris	6,145.00	
SEAPA00214	G2Risk Consulting	1,852.50	
SEAPA00314	G2Risk Consulting	828.75	
61130326	GE Capital	140.00	
61135774	GE Capital	595.00	
61291446	GE Capital	71.09	
61291447	GE Capital	13.90	
61297308	GE Capital	140.00	
61299216	GE Capital	595.00	
61469192	GE Capital	140.00	
61473900	GE Capital	595.00	
1409	Glenn Brewer Consulting Engineer	6,854.21	
9530483362	Grainger	2,880.46	
9534197836	Grainger	233.60	
9548285577	Grainger	489.12	
9555076836	Grainger	433.00	
9555241703	Grainger	592.50	
9555241711	Grainger	474.00	
9556377811	Grainger	105.75	
9567864062	Grainger	91.63	
343498	Hammer & Wikan	86.86	
345343	Hammer & Wikan	104.03	
345366	Hammer & Wikan	27.46	
345500	Hammer & Wikan	92.21	
347983	Hammer & Wikan	7.49	
90500346	Hatch Associates Consultants, Inc	2,430.03	
90503928	Hatch Associates Consultants, Inc	1,800.00	
90506411	Hatch Associates Consultants, Inc	7,030.00	
262902900	HD Supply Power Solutions Ltd	768.73	
262906500	HD Supply Power Solutions Ltd	669.32	
3704	I Even Do Windows	300.00	
3737	I Even Do Windows	300.00	
51490004	Jacobs Associates	-	34,525.00
51490005	Jacobs Associates	-	18,543.75
51490006	Jacobs Associates	110,127.00	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
17388	JobMatch LLC	190.14	
4230	Johnson's Building Supply	801.00	
14457	Jud's Office Supply	100.95	
14584	Jud's Office Supply	201.90	
515801	Juneau Empire	-	184.60
519261	Juneau Empire	1,005.76	
KETPH201408	Ketchikan City of 334	206.04	
736235	Ketchikan City of 334	25.00	
	Ketchikan Daily News	-	55.35
29892	Ketchikan Daily News	57.10	
30013	Ketchikan Daily News	73.50	
30107	Ketchikan Daily News	63.25	
30108	Ketchikan Daily News	55.05	
30152	Ketchikan Daily News	59.15	
KGB201409	Ketchikan Gateway Borough	3,861.00	
KGB201410	Ketchikan Gateway Borough	3,861.00	
KGB201411	Ketchikan Gateway Borough	3,861.00	
2	Kollgaard, Eric B.	5,903.85	
73666	Law Seminars International	1,245.00	
82100037111	Les Schwab	1,992.67	
LK201409	LK Storage	304.20	
LK201410	LK Storage	77.08	
LK201411	LK Storage	156.00	
91890	LNM Services	61.63	
91952	LNM Services	141.02	
9209181	Madison Lumber & Hardware Inc	47.40	
9209221	Madison Lumber & Hardware Inc	27.97	
9271231	Madison Lumber & Hardware Inc	11.92	
18005	Mapcon Technologies, Inc.	4,390.00	
288847770330	Marsh USA Inc.	24,619.00	
288845762734	Marsh USA Inc.	319,989.42	
288846304375	Marsh USA Inc.	925.00	
288847129456	Marsh USA Inc.	101,625.08	
205.	May Engineering Services LLC	-	712.50
402	May Engineering Services LLC	1,100.00	
206	May Engineering Services LLC	-	250.00
403	May Engineering Services LLC	1,250.00	
501	May Engineering Services LLC	7,033.38	
502	May Engineering Services LLC	7,902.17	
4157	McMillen LLC	5,902.00	
4182	McMillen LLC	44,398.50	
TO14005	McMillen LLC	2,636.50	
TO14006	McMillen LLC	4,981.50	
TO14007	McMillen LLC	7,221.00	
4235	McMillen LLC	7,643.82	
4236	McMillen LLC	2,280.00	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
4237	McMillen LLC	66,761.07	
4284	McMillen LLC	20,193.15	-
4333	McMillen LLC	5,426.50	
4334	McMillen LLC	69,675.80	
4335	McMillen LLC	89,976.54	
646907	MDS Power Inc	4,150.00	
4728	Meridian Environmental	15,122.00	
4729	Meridian Environmental	1,652.67	
4742	Meridian Environmental	5,909.93	
4759	Meridian Environmental	982.00	
4760	Meridian Environmental	98,335.57	
4801	Meridian Environmental	1,824.00	
4802	Meridian Environmental	11,478.75	
MIL201410	Miller, Rob	354.18	
MKC201407	Morris Kepler Consulting	8,420.06	
2014094	Munson Boats (William E. Munson Co.)	-	109,225.90
2014096	Munson Boats (William E. Munson Co.)	-	47,791.10
111291	Northwest Public Power Assn	110.00	
26842014	NRECA 758777 Deferred	1,000.00	
14088046	NRECA 775670 RSP	26,247.87	
14100630	NRECA 798185 Group Ins	35,170.05	
14100630A	NRECA 798324 Group Ins Admin	3,105.24	
14088046A	NRECA 798330 RSP Admin	448.82	
14098046A	NRECA 798330 RSP Admin	448.82	
14108046A	NRECA 798330 RSP Admin	448.82	
353045	Ottesen's Inc	36.00	
353049	Ottesen's Inc	1.79	
353127	Ottesen's Inc	9.99	
353470	Ottesen's Inc	5.49	
353582	Ottesen's Inc	65.98	
354054	Ottesen's Inc	22.47	
354355	Ottesen's Inc	827.16	
354728	Ottesen's Inc	75.67	
355006	Ottesen's Inc	162.94	
355703	Ottesen's Inc	157.66	
355738	Ottesen's Inc	58.97	
355822	Ottesen's Inc	37.97	
355904	Ottesen's Inc	22.13	
356211	Ottesen's Inc	3.29	
356212	Ottesen's Inc	2.29	
356217	Ottesen's Inc	5.28	
356282	Ottesen's Inc	9.54	
356670	Ottesen's Inc	9.28	
356695	Ottesen's Inc	6.49	
356696	Ottesen's Inc	19.49	
356813	Ottesen's Inc	27.98	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
357026	Ottesen's Inc	20.89	
37826	Petro Marine Services-WRG	541.65	
38414	Petro Marine Services-WRG	534.44	
39310	Petro Marine Services-WRG	441.22	
39331	Petro Marine Services-WRG	465.93	
57065	Pilot Publishing, Inc.	-	54.00
57097	Pilot Publishing, Inc.	57.38	
PILOT201409	Pilot Publishing, Inc.	60.00	
14080064	PND Engineers	-	2,273.75
608	Ray Matiashowski and Associates	4,000.00	
616	Ray Matiashowski and Associates	4,000.00	
SO39WKET09S	Samson Tug & Barge	101.10	
S044WRA15N	Samson Tug & Barge	59.00	
SO54KET05I	Samson Tug & Barge	303.26	
410369	Satellite & Sound Inc	520.00	
100211026A	Scandia House Hotel	103.00	
314983	SE Business Machines	406.00	
5599	SE Island Fuel	132.33	
INV14014	Segrity LLC	4,765.00	8,211.79
INV14015	Segrity LLC	-	587.12
402215	Sentry Hardware & Marine	21.72	
402396	Sentry Hardware & Marine	21.99	
402451	Sentry Hardware & Marine	22.95	
399165	Sentry Marine Hardware	84.58	
399240	Sentry Marine Hardware	18.54	
400618	Sentry Marine Hardware	18.96	
401014	Sentry Marine Hardware	21.68	
550261	Southeast Auto & Marine Parts, Inc	112.99	
5024	Southeast Conference	255.00	
83974	Southern States LLC	7,384.41	
3197	Stikine Inn	360.00	
3222	Stikine Inn	99.00	
51879	Sunrise Aviation Inc	495.00	
51883	Sunrise Aviation Inc	190.00	
51884	Sunrise Aviation Inc	940.00	
51892	Sunrise Aviation Inc	3,770.00	
51906	Sunrise Aviation Inc	1,400.00	
51932	Sunrise Aviation Inc	313.34	626.66
51935	Sunrise Aviation Inc	360.00	360.00
51939	Sunrise Aviation Inc	-	720.00
51944	Sunrise Aviation Inc	4,055.00	
51970	Sunrise Aviation Inc	495.00	
51979	Sunrise Aviation Inc	435.00	
51983	Sunrise Aviation Inc	430.00	
51985	Sunrise Aviation Inc	830.00	
51993	Sunrise Aviation Inc	1,280.00	
51994	Sunrise Aviation Inc	435.00	
6073	Svensden Marine	13.90	
28640	Taquan Air	467.45	
28653	Taquan Air	934.90	
28668	Taquan Air	467.45	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
28741	Taquan Air	822.00	
28753	Taquan Air	-	934.90
28997	Taquan Air	155.81	311.64
29310	Taquan Air	647.45	
27996	Temsco Helicopters, Inc.		2,569.10
28032	Temsco Helicopters, Inc.		1,338.60
28037	Temsco Helicopters, Inc.	1,040.75	
28039	Temsco Helicopters, Inc.	-	2,557.60
28045	Temsco Helicopters, Inc.	1,661.75	
28058	Temsco Helicopters, Inc.	2,587.50	
28067	Temsco Helicopters, Inc.	446.20	446.20
28094	Temsco Helicopters, Inc.	3,814.55	
28099	Temsco Helicopters, Inc.	2,647.30	
28108	Temsco Helicopters, Inc.	1,561.70	
28260	Temsco Helicopters, Inc.	3,715.10	
28264	Temsco Helicopters, Inc.	3,820.85	
50824990	Tetra Tech Inc	-	857.35
50824992	Tetra Tech Inc	23,425.45	
50826173	Tetra Tech Inc	1,389.07	
50826176	Tetra Tech Inc	-	951.60
50826547	Tetra Tech Inc	261.23	
50828718	Tetra Tech Inc	16,553.20	
50828719	Tetra Tech Inc	-	689.65
50828720	Tetra Tech Inc	22,260.50	
50828723	Tetra Tech Inc	-	3,625.00
50846456	Tetra Tech Inc	-	83.85
50846460	Tetra Tech Inc	29,213.55	
50846461	Tetra Tech Inc	-	1,432.00
50847356	Tetra Tech Inc	(82.50)	
50847357	Tetra Tech Inc	1,507.57	
15424	TexRus	1,711.47	
15601	TexRus	3,195.29	
15730	TexRus	5,770.97	
201443	Three Dog Construction	4,000.00	
461370	Tongass Business Center	171.85	
461371	Tongass Business Center	71.71	
461540	Tongass Business Center	224.20	
467750	Tongass Business Center	6.16	
472900	Tongass Business Center	47.63	
474470	Tongass Business Center	176.42	
480190	Tongass Business Center	30.78	
487460	Tongass Business Center	19.14	
487461	Tongass Business Center	94.22	
489750	Tongass Business Center	125.97	
489550	Tongass Business Center	80.55	
490180	Tongass Business Center	25.08	
1320118	Tongass Engineering	-	5,722.50
253676	Tongass Trading Company Inc	962.32	
253727	Tongass Trading Company Inc	99.98	
WC201408	Travelers	23,681.00	
6B146482	Travelers	11,644.40	
T18367014	Tyler Industrial Supply	6,331.55	
90287399	US Geological Survey	16,735.00	
WF201408	Wells Fargo Bank-Corporate Trust	113,280.43	

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund
WF201409	Wells Fargo Bank-Corporate Trust	113,280.43	
WF201410	Wells Fargo Bank-Corporate Trust	113,280.43	
210530814	Western Electrical Services	5,579.61	
WRG0714	Wrangell City & Borough	51.20	
TBPA_201407	Wrangell City & Borough	183,687.84	
WRGHAR201408	Wrangell City & Borough	10.37	
WRGOF201408	Wrangell City & Borough	298.65	
WRGSUB201408	Wrangell City & Borough	134.47	
WRGSWTC201408	Wrangell City & Borough	301.88	
27371	Wrangell City & Borough	1,018.33	
TBPA_201408	Wrangell City & Borough	4,831.39	
HAR201409	Wrangell City & Borough	34.94	
OFC201409	Wrangell City & Borough	351.88	
SUB201409	Wrangell City & Borough	123.17	
SWT201409	Wrangell City & Borough	289.47	
57062	Wrangell Sentinel	-	44.00
57084	Wrangell Sentinel	46.75	
NTA2014	Wyndham Publications, Inc	13,000.00	
201407	Bank of America	16,114.46	32.72
201408	Bank of America	21,902.79	-
201409	Bank of America	19,823.96	-
201408	Employee Reimbursements	462.34	
201409	Employee Reimbursements	129.46	
201410	Employee Reimbursements	239.41	
		2,409,666.22	303,050.15
Total Disbursements		\$2,712,716.37	

* Bank of America credit card charges include all travel, most telecom and some utility:
 AT&T Mobility, ACS, AP&T, GCI, Globalstar, KPU, Roadpost, PSG Borough.
 Telecom & utility charges are approximately \$10,000/month.

Southeast Alaska Power Agency Audited Financial Statements

DATE: November 3, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
RE **FY 2014 Audited Financial Statements**

Attached are a draft copy of SEAPA's audited FY 2014 financial statements and an *Audit Wrap Up* from SEAPA's auditors, BDO USA. Joy Merriner of BDO will call in on November 13, 2014 to present the audited financial results and answer any questions.

The following is a suggested motion to approve the audited financial statements after the presentation:

SUGGESTED MOTION
I move to approve the Southeast Alaska Power Agency Fiscal Year 2014 Audited Financial Statements as Presented.

Southeast Alaska Power Agency

Financial Statements and Supplementary Information

For the Years Ended June 30, 2014 and 2013

(With Independent Auditor's Report Thereon)

DRAFT

Southeast Alaska Power Agency

Financial Statements and Supplementary Information
For the Years Ended June 30, 2014 and 2013

(With Independent Auditor's Report Thereon)

DRAFT

Southeast Alaska Power Agency

Contents

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	4-9
Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15-28
Supplementary Information	
Statements of Cash Flows	30
Single Audit Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32-33
Independent Auditor's Report on Compliance for Each Major State Program And Report on Internal Control over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	34-35
Schedule of Findings and Questioned Costs	36
Summary Schedule of Prior Audit Findings	37
Corrective Action Plan	38



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

The Board of Directors
Southeast Alaska Power Agency

Report on the Financial Statements

We have audited the accompanying financial statements of Southeast Alaska Power Agency, which comprise the statement of net position as of June 30, 2014 and 2013, and the related statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southeast Alaska Power Agency as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2013, Southeast Alaska Power Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages four through six be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated ~~XXXX~~, 2014 on our consideration of Southeast Alaska Power Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast Alaska Power Agency's internal control over financial reporting and compliance.

Anchorage, Alaska

~~XXXX~~, 2014

Management's Discussion and Analysis

DRAFT

Southeast Alaska Power Agency

Management's Discussion and Analysis *June 30, 2014 and 2013*

This presentation and analysis is intended to serve as an introduction to and discussion of the June 30, 2014 and 2013 financial statements of The Southeast Alaska Power Agency (SEAPA).

Mission Statement

SEAPA's mission is to provide the lowest wholesale power rate consistent with sound utility planning and business practices. We exist for the long-term benefit of our member utilities and the rate payers, providing unified regional leadership for project development and prudent management of our interconnected power system.

Financial Highlights

- The Agency's assets exceeded liabilities at June 30, 2014 by \$142,439,177. SEAPA's net position increased \$1,570,669 over the year ended June 30, 2014.
- The wholesale power rate was maintained at 6.8 cents/kWh in fiscal year 2014, a rate that has held steady for 17 consecutive years and was approved again for fiscal year 2015.
- A rebate totaling \$864,590 was approved for fiscal year 2014. The rebate was approved by the Board at the end of the fiscal year and is recorded as an offset to power sales. Payment of the rebate takes place prior to the calendar year-end, contingent upon successful completion of a financial audit, compliance with the bond indenture and the condition that no catastrophic events occur.
- At the beginning of fiscal year 2015, a State of Alaska designated legislative grant through the Department of Commerce, Community and Economic Development (DCCED) in the amount of \$3,320,000 was awarded to SEAPA for the Swan Lake Hydroelectric Project Reservoir Expansion Project.
- On July 1, 2014, the last payment was made to bond holders of the Wells Fargo Alaska Electric Revenue Refunding Bonds Series 2004 (WF Refund 2004AB Escrow).

Southeast Alaska Power Agency

Management's Discussion and Analysis June 30, 2014 and 2013

Financial Position

Total assets, total liabilities and total net assets at June 30, 2014, 2013 and 2012 follows:

<i>June 30,</i>	2014	2013	2012
Assets:			
Current assets	\$ 18,325,860	\$ 13,806,294	\$ 12,127,251
Capital assets	131,289,413	132,514,620	134,411,504
Noncurrent assets	7,760,143	10,086,926	10,363,319
Total Assets	\$ 157,375,416	\$ 156,407,840	\$ 156,902,074
Liabilities:			
Current liabilities	\$ 2,366,451	\$ 2,255,062	\$ 2,163,969
Noncurrent liabilities	12,569,788	13,284,270	13,976,778
Total liabilities	14,936,239	15,539,332	16,140,747
Net position			
Net investment in capital assets	117,994,625	118,530,350	119,759,726
Restricted for debt service	1,359,425	1,358,925	1,355,863
Restricted under agreements with external parties	777,256	723,857	648,835
Unrestricted	22,307,871	20,255,376	18,996,903
Total net position, (as restated for 2012)	142,439,177	140,868,508	140,761,327
Total Liabilities And Net Position	\$ 157,375,416	\$ 156,407,840	\$ 156,902,074

Discussion of Financial Position

Financial Position - FY2014 Compared to FY2013

Total assets increased by \$967,576 for the year ended June 30, 2014. The growth in Current Assets reflects higher income from power sales in FY2014 and continued dedication of funds towards new and ongoing capital projects. New exciters and generator switch gear for the Swan Lake facility and turbine shutoff valves for the Tye Lake facility are projects scheduled to start in FY2015 that are designed to enhance system reliability.

The Swan Lake Reservoir Expansion, which is designed to increase active hydro storage capacity at the present facility by as much as 25%, will also reduce annual spill and provide additional energy to the entire system to meet growing load demand. This project is scheduled for completion in calendar year 2016. Two State of Alaska DCCED grants have been awarded to offset the cost of this project; \$3,320,000 was awarded at the beginning of FY2015 and \$578,000 of the FY2013 grant was dedicated to this project.

Southeast Alaska Power Agency

Management's Discussion and Analysis

June 30, 2014 and 2013

Portions of several ongoing capital projects were placed into service this year:

In FY2014, a log retention system was built, the concrete weir was poured and a helipad was installed for the Tye Lake Stream Gauge project, which will enable accurate lake level and stream flow measurements as required by SEAPA's FERC license and replace the existing USGS gauging station which has deteriorated with age. Placement of the actual gage will be coordinated with USGS, and the project is now scheduled for completion in FY2016.

The piping system was installed for the Cooling Water project at the Tye Lake facility in FY2014. The new design will allow all the water from the penstock to run through the turbine before it is used for cooling, providing more hydro for power generation and is scheduled for completion in FY2015.

The Tye Lake portion of the Supervisory Control and Data Acquisition (SCADA) upgrade was commissioned in FY2014. This upgrade replaces the original 1984 system, enables the entire system to be controlled from either hydro facility and is scheduled for completion in FY2015.

A replacement winding valued at \$890,405 for the Swan Lake facility was manufactured and placed into capital inventory this fiscal year. The existing windings will be tested during the annual maintenance cycle, and the spare winding will allow an expedited repair when system load demand is lowest if the winding experiences a fault in the controlled test environment.

Total liabilities decreased by \$603,093 compared to FY2013. The decrease is primarily attributable to a \$700,000 reduction in long-term debt due to principal payments.

Total Liabilities and Net Position were \$157,375,416 for the year ended June 30, 2014, compared to \$156,407,840 for the year ended June 30, 2013. The difference can be attributed to lower liabilities, a higher level of funding dedicated to capital projects at year-end and an increase in the application of grant revenue towards capital expenditures.

Financial Position - FY2013 Compared to FY2012

Total assets decreased by \$494,234 for the year ended June 30, 2013. The decrease is attributable to capital asset related activity. Increases in capital projects, notably the first stage of an improved Supervisory Control and Data Acquisition (SCADA) system placed into service in FY2012, were offset by depreciation expense on projects in operation.

Total liabilities decreased by \$601,415 compared to FY2012. The decrease is primarily attributable to a \$675,000 reduction in long-term debt due to principal payments.

Total net position increased by \$107,181 compared to FY2012, due again to the reduced total liabilities.

Southeast Alaska Power Agency

Management's Discussion and Analysis June 30, 2014 and 2013

Operations

Components of the Agency's operating revenues, operating expenses, and non-operating revenues/expenses for the years ended June 30, 2014, 2013, and 2012 are as follows:

<i>June 30,</i>	2014	2013	2012
Operating revenues - revenue from power sales	\$ 12,459,090	\$ 11,207,976	\$ 11,608,217
Rate rebate	(864,590)	(800,000)	(800,000)
Net operating revenues	11,594,500	10,407,976	10,808,217
Operating expenses:			
Operating and maintenance	3,438,761	3,603,519	4,347,020
General and administrative	2,373,125	2,190,623	2,023,351
Depreciation expense	4,046,332	3,912,905	3,922,821
Total operating expenses	9,858,218	9,707,047	10,293,192
Operating income	1,736,282	700,929	515,025
<i>June 30,</i>	2014	2013	2012
Non-operating revenues (expenses):			
Investment income	95,775	91,823	131,582
Grant revenue	1,114,047	216,802	
Contract revenue	373,447	-	
Grant expense	(1,114,047)	(237,681)	
Contract expense	(373,447)	-	-
Interest expense	(665,339)	(688,323)	(704,027)
Other	103,173	17,239	10,726
Net non-operating revenues (expenses)	(466,391)	(600,140)	(561,719)
Excess of revenues over expenditures before contributions	1,269,891	100,789	-
Capital contributions	300,778	6,392	-
Change in net position	1,570,669	107,181	(46,694)
Net Position - beginning of year	140,868,508	140,761,327	140,808,021
Net Position - end of year	\$ 142,439,177	\$ 140,868,508	\$ 140,761,327

Southeast Alaska Power Agency

Management's Discussion and Analysis

June 30, 2014 and 2013

Discussion of Operations

Operations - FY2014 Compared to FY2013

Annual revenue from power sales was \$1,186,524 higher for the year ended June 30, 2014 as seasonal demand and hydro resource availability matched optimally during the year.

Operating expenses were slightly higher in FY2014, increasing only \$151,171 over FY2013.

Grant- and contract-related activity increased in FY2014, as described below. Capital contributions represent Swan Lake Expansion project expenditures that were reimbursed by grant funds. The change in net position of \$1,570,669 is primarily due to this year's increase in power sales.

During 2014, Southeast Alaska Power Agency worked with the Borough of Petersburg, the City and Borough of Wrangell and Thomas Bay Power Authority (TBPA), an agency formed jointly by the two municipalities, to assume daily operations of SEAPA's Tye Lake hydroelectric project. The operations of the Tye Lake facility transitioned smoothly from TBPA in August, 2014 (FY2015) as all plant employees secured positions with SEAPA. The Swan Lake facility is still operated under contract by the City of Ketchikan dba Ketchikan Public Utilities.

In FY2012, the Alaska legislature awarded \$3,000,000 to SEAPA through the Department of Commerce, Community and Economic Development for the purpose of following up on key findings of the Southeast Alaska Integrated Resource Plan, including hydroelectric storage, generation, transmission and business analysis for Southeast Alaska. Funds are being used in part to further evaluate potential hydroelectric sites in the region and increase the reservoir storage capacity at Swan Lake. These two objectives comprised the bulk of the work performed in FY2014. The grant period spans from July 2012 through June 2017.

Pursuant to a Memorandum of Understanding (MOU) between the Alaska Energy Authority (AEA), SEAPA and Inside Passage Electric Cooperative, the AEA assigned two grants to SEAPA in the amounts of \$2,990,000 and \$2,000,000 in FY2013. The purpose of these grants is to fund evaluation and development of the pre-construction phase of an electrical intertie between the communities of Kake and Petersburg, Alaska. The community of Kake currently relies solely upon diesel generation to meet its energy needs. The MOU stipulates that SEAPA's existing rate payers and member utilities must not be negatively impacted by any development of the intertie. Permitting and preliminary design work continues, and a revised Preliminary Draft Environmental Impact Statement and revised Notice of Intent were submitted to the U.S. Forest Service during July, 2014.

SEAPA collaborated with Metlakatla Indian Community and the Alaska Energy Authority to facilitate the expansion of technical research data available for potential hydropower resources on Annette Island this year. The effort that took place in FY2014 was primarily performed by contractors, and related financial activity recorded as Contract Revenue/Expense did not have a financial impact on the company.

Operations - FY2013 Compared to FY2012

Annual revenue from power sales was \$400,242 lower for the year ended June 30, 2013. Lower sales were attributed to less available energy resulting from lower-than-average annual precipitation.

Southeast Alaska Power Agency

Management's Discussion and Analysis

June 30, 2014 and 2013

Operating expenses were \$586,145 lower for the year ended June 30, 2013 due to completion of the Solomon Gulch Potential Failure Mode Analysis project and FY2012 expenses related to the non-capital portion of projects placed in service in 2011 and 2012.

In summary, the change in net assets for the year ended June 30, 2013 was \$67,046 higher than the year ended June 30, 2012. Total net assets at June 30, 2013 were \$140,828,373 compared to \$140,761,327 at June 30, 2012.

Economic Factors in Next Year's Budgets and Rates

Next year's revenues are anticipated to remain relatively flat, with the possibility of a slight decrease, dependent upon seasonal inflows into the reservoirs and fish processing loads. On the demand side, short-term home heating fuel prices have moderated somewhat, but we still expect continued space heating conversions to electric.

Swan Lake Storage Expansion Project: SEAPA is working closely with our FERC Board of Consultants (panel of experts) to refine design attributes for modifying the Swan Lake dam and intake structure. We have requested \$2,797,935 for the State of Alaska FY2016 legislative session, and collectively the City of Ketchikan, the Ketchikan Gateway Borough and the City of Saxman have once again selected this project as #1 on the Community Priority List of legislative requests. Fulfillment of this request would bring the state's contribution up to 50% of the current total estimated project cost of \$13,391,869.

This page intentionally left blank.

DRAFT

Financial Statements

DRAFT

Southeast Alaska Power Agency

Statements of Net Position

June 30,	2014	2013
Assets		
Current Assets		
Cash and investments, including restricted cash and investments of \$2,435,439 and \$2,359,339 at June 30, 2014 and 2013, respectively	\$ 16,714,672	\$ 12,620,476
Accounts receivable	1,410,646	933,157
Accrued interest receivable	33,258	39,309
Inventory	8,143	8,143
Prepaid expenses and other assets	159,141	205,209
Total Current Assets	18,325,860	13,806,294
Noncurrent assets:		
Cash and investments, unrestricted	7,760,143	10,086,926
Capital assets, net	131,289,413	132,514,620
Total noncurrent assets	139,049,556	142,601,546
Total Assets	\$ 157,375,416	\$ 156,407,840
Liabilities and Net Position		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 726,057	\$ 700,153
Rebate payable to members	864,590	800,000
Accrued interest payable	50,804	54,909
Capital contributions	725,000	700,000
Total Current Liabilities	2,366,451	2,255,062
Noncurrent liabilities:		
Long-term debt, net of current portion	12,675,000	13,400,000
Bond issue premium (discount), net	(105,212)	(115,730)
Total noncurrent liabilities	12,569,788	13,284,270
Total Liabilities	14,936,239	15,539,332
Net Position		
Net investment in capital assets	117,994,625	118,530,350
Restricted for debt service	1,359,425	1,358,925
Restricted by agreements with external parties	777,256	723,857
Unrestricted	22,307,871	20,255,376
Total Net Position	142,439,177	140,868,508
Total Liabilities and Net Position	\$ 157,375,416	\$ 156,407,840

See accompanying notes to financial statements.

Southeast Alaska Power Agency

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30,	2014	2013
Operating Revenues		
Revenue from power sales	\$ 12,459,090	\$ 11,207,976
Rate rebate	(864,590)	(800,000)
Net Operating Revenues	11,594,500	10,407,976
Operating Expenses		
Operating and maintenance	3,438,761	3,603,519
General and administrative	2,373,125	2,190,622
Depreciation expense	4,046,332	3,912,906
Total Operating Expenses	9,858,218	9,707,047
Operating income	1,736,282	700,929
Nonoperating Revenues (Expenses)		
Investment income	95,775	91,823
Grant revenue	1,114,047	216,802
Contract revenue	373,447	-
Grant expenses	(1,114,047)	(237,681)
Contract expenses	(373,447)	-
Interest expense	(665,339)	(688,323)
Other	103,173	17,239
Net Nonoperating Revenues (Expenses)	(466,391)	(600,140)
Excess of revenues over expenditures before contributions	1,269,891	100,789
Capital contributions	300,778	6,392
Change in net position	1,570,669	107,181
Net Position, beginning of year, as restated	140,868,508	140,761,327
Net Position, end of year	\$ 142,439,177	\$ 140,868,508

See accompanying notes to financial statements.

Southeast Alaska Power Agency

Statements of Cash Flows

Years Ended June 30,	2014	2013
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 11,981,601	\$ 11,092,136
Payment of rate rebate	(800,000)	(800,000)
Payments to suppliers and employees	(5,739,914)	(5,791,487)
Grant receipts	1,414,825	223,194
Grant expenses	(1,114,047)	(237,681)
Other receipts	103,173	17,239
Net cash flows from operating activities	5,845,638	4,503,401
Cash Flows from Capital and Related Financing Activities		
Interest payments on long-term debt	(658,925)	(680,863)
Principal payments on long-term debt	(700,000)	(675,000)
Purchase of capital assets	(2,821,126)	(2,016,022)
Net cash flows from capital and related financing activities	(4,180,051)	(3,371,885)
Cash Flows from Investing Activities		
Investment income received	101,826	101,177
Net increase in cash and cash equivalents	1,767,413	1,232,693
Cash and Investments, beginning of year	22,707,402	21,474,709
Cash and Investments, end of year	\$ 24,474,815	\$ 22,707,402
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ 1,269,891	\$ 107,181
Adjustments to reconcile change in net position to net cash flows provided by operating activities:		
Depreciation	4,046,332	3,912,906
Investment income	(95,775)	(91,823)
Interest expense	665,339	688,323
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Inventory	-	-
Prepaid expenses and other assets	46,068	(63,471)
Accounts receivable	(477,489)	(115,840)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	25,904	66,125
Rebate payable to members	64,590	-
Net cash flows from operating activities	\$ 5,544,860	\$ 4,503,401

See accompanying notes to financial statements.

Southeast Alaska Power Agency

Notes to Basic Financial Statements Years Ended June 30, 2014 and 2013

1. Organization and Operations

The Southeast Alaska Power Agency (the Agency) is a joint action agency of the State of Alaska and was created pursuant to Alaska Statutes Section 42.45.300. The Agency (formerly known as The Four Dam Pool Power Agency (FDPPA)) was established in 2001 to take over ownership from the State (the Alaska Energy Authority) of the Terror Lake, Solomon Gulch, Tyee Lake, and Swan Lake hydroelectric projects. This transaction was completed on January 31, 2002. On February 24, 2009, the Agency completed a restructuring, whereby the Terror Lake and Solomon Gulch projects were transferred to Kodiak Electric Association and Copper Valley Electric Association, respectively. Effective with this transfer, the name of the Agency was changed to Southeast Alaska Power Agency (SEAPA).

The member cities (Ketchikan, Wrangell, and Petersburg) and utilities purchase power from the Agency at the same wholesale power rate. Ketchikan Public Utilities, serving the Ketchikan area, operates Swan Lake and the Thomas Bay Power Authority, a consortium of the City of Petersburg and the City and Borough of Wrangell, operates Tyee Lake, pursuant to operating agreements.

The current bylaws that govern SEAPA provide for a total of five board members that are selected from each of the communities being served by the projects. Two board members are appointed by Ketchikan, one each from Wrangell and Petersburg, and a fifth board member that rotates annually between each of the projects (Swan Lake and Tyee Lake).

SEAPA is an independent agency of the State. SEAPA has the ability to finance its own projects. This independence was proven during the restructuring, completed in 2009, where SEAPA was able to sell its own bonds, secured by the power sales agreement between SEAPA and Ketchikan and Wrangell and Petersburg.

2. Summary of Significant Accounting Policies

The Agency is a joint action agency under the authority of AS 42.45.300-320, of which the majority of the members are governments. Therefore, the Agency is treated as a special purpose local government and financial reporting is in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The financial activities of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when goods or services are received or the related liability is incurred.

Cash and Investments

For the purpose of the statement of cash flows, cash consists of cash, money market funds, and short-term commercial paper, whether unrestricted or restricted.

The Agency's investments are recorded at fair value in the financial statements. Unrealized gains and losses are included in earnings and are reported as investment income (loss).

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Restricted Assets

As described in note 3, assets that are restricted for specific uses by bond indentures or other requirements are classified as restricted assets. When both restricted and unrestricted assets are available for use, it is the Agency's policy to use restricted assets first, then unrestricted assets, as they are required.

Capital Assets

The Agency's capital assets are recorded at cost and depreciation is charged to operations by use of the straight-line method over their estimated useful lives. Repairs and maintenance charges are expensed as incurred.

The estimated useful lives of the capital assets are as follows:

<i>Capital assets</i>	Years
Structures	15 - 50
Infrastructure	5 - 50
Generation and distribution	5 - 35
Furniture, fixtures, and other	3 - 15

Revenue Recognition

The primary source of the Agency's revenue is from power sales to the Agency's member cities and utilities (the Purchasers). Revenue is recognized on the accrual basis and is recorded monthly, based on the kilowatt-hours (Kwh) used by the members.

The Purchasers purchase power from SEAPA pursuant to conditions of the Power Sales Agreement, adopted at the close of Restructuring on February 24, 2009. The SEAPA Board of Directors sets the wholesale power rate annually. The estimated wholesale power rate for the years ended June 30, 2014 and 2013 was set at 6.8 cents per Kwh. The member utilities only pay for the amount of power used.

The Purchasers buy power from the Agency at the same wholesale power rate. Rebates are given at the Board's discretion based on operating results. The following is the percentage of volume sold to each Purchaser for the years ended June 30:

	2014	2013
Ketchikan Public Utilities	55%	52%
Wrangell Municipal Light and Power	21%	23%
Petersburg Municipal Light and Power	24%	25%
	100%	100%

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Operating Revenues and Expenses

The Agency considers all its revenues and expenses, except for contributions, investment income, capital grants, and interest expense, to be part of its principal ongoing operations and therefore classifies these revenues and expenses as operating in the statement of revenues, expenses, and changes in net position.

Employee Benefits

Operating and maintenance personnel are employees of the Purchasers. All salaries and employee benefits, including compensated absences, health care, other insurance, and pension benefits, are paid by the Purchasers and reimbursed by the Agency.

Risk Management

The Agency is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters, for which it carries commercial insurance, subject to standard deductibles and limitations. Loss that is not covered by insurance, both in the form of uninsured property (transmission lines and submarine cables) and various insurance deductibles and self-insured retentions, are funded by the internal Self-Insured Risk Fund. No settlements have occurred which exceeded its commercial deductible limits.

Environmental Issues

The Agency's policy relating to environmental issues is to record a liability when the likelihood of responsibility for clean-up is probable and the costs are reasonably estimable. At June 30, 2014 and 2013, there were no environmental issues that met both of these criteria and, accordingly, no provision has been made in the accompanying financial statements for any potential liability.

Income Taxes

The Internal Revenue Code provides that gross income for tax purposes does not include income accruing to a state or territory or any political subdivision thereof, which is derived from the exercise of any essential governmental function.

Estimates

In preparing the financial statements, management of the Agency is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of net position and revenues and expenses for the period. Actual results could differ from those estimates.

Grants

The Agency recognizes grant revenue under the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, whereby revenue is recognized when all applicable eligibility requirements, including time requirements, are met.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Change in Accounting Principle

In 2013, the Agency adopted newly issued Governmental Accounting Standards Board (GASB) pronouncements 63 and 65, resulting in a change in presentation of the financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows of resources. A deferred outflow of resources represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows of resources. A deferred inflow of resources represents the acquisition of net position that is applicable to a future reporting period. The residual net of all of the accounts is now called net position. The adoption of these statements has resulted in a restatement of previously reported net position as outlined in note 8.

3. Cash and Investments

All revenues, including revenue received from the utilities for the purchase of power pursuant to the Long Term Power Sales Agreement, are deposited into the Revenue Fund. The Revenue Fund is held by the Agency. The R&R Fund is also an Agency-held fund. The R&R Fund is used to fund renewal and replacement projects, and the bond indenture requires that the account balance in this fund shall never be less than \$1,000,000.

The Agency may also establish and hold a Rate Stabilization Fund and may at any time, from time to time, as determined by the Agency, deposit available revenues in the Rate Stabilization Fund.

The Agency has also established a Commercial Account from which all payments and obligations are paid.

The Bond Fund, consisting of the Interest Account and the Principal Account, is held by the Trustee. The Bond Reserve Fund is also held by the Trustee and is required to be maintained at all times at not less than the Bond Reserve Requirement.

The Reclamation Contingency Fund is an Agency-held, but restricted fund to satisfy certain conditions of the lease and easement agreements between the Agency and the Department of Natural Resources (DNR). The FDPPA (pre-restructured) was required to deposit \$75,000 annually into this fund. DNR and the Agency have been in discussions to amend this agreement to reflect the change in ownership of the projects.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

The cash and investments were held in trust accounts for the following activities as of June 30, 2014:

	Cash and Cash Equivalents	Investments	Total
Unrestricted - current:			
Internal renewal and replacement fund	\$ 1,000,610	\$ -	\$ 1,000,610
Dedicated renewal and replacement fund	8,715,678	-	8,715,678
Revenue fund	4,228,428	-	4,228,428
Commercial checking account	4,520	-	4,520
Subordinate debt	310	-	310
Investment fund	329,688	-	329,688
Total unrestricted	14,279,234	-	14,279,234
Unrestricted - noncurrent -			
Investment fund	-	7,760,143	7,760,143
Restricted - current:			
Insurance escrow fund	1	-	1
Reclamation contingency fund	777,256	-	777,256
2009 Trust series bond interest	105,758	-	105,758
2009 Trust series bond principal	120,872	-	120,872
2009 Trust series bond reserve	1,409,933	-	1,409,933
STI CD	21,618	-	21,618
Total restricted - current	2,435,438	-	2,435,438
Total Cash And Investments	\$ 16,714,672	\$ 7,760,143	\$ 24,474,815

This space intentionally left blank.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

The cash and investments were held in trust accounts for the following activities as of June 30, 2013:

	Cash and Cash Equivalents	Investments	Total
Unrestricted - current:			
Internal renewal and replacement fund	\$ 1,000,612	\$ -	\$ 1,000,612
Dedicated renewal and replacement fund	4,979,426	-	4,979,426
Revenue fund	4,166,826	-	4,166,826
Commercial checking account	1,420	-	1,420
Subordinate debt	309	-	309
Investment fund	112,544	-	112,544
Total unrestricted	10,261,137	-	10,261,137
Unrestricted - noncurrent -			
Investment fund	-	10,086,926	10,086,926
Restricted - current:			
Insurance escrow fund	2	-	2
Reclamation contingency fund	702,249	-	702,249
2009 Trust series bond interest	109,841	-	109,841
2009 Trust series bond principal	116,704	-	116,704
2009 Trust series bond reserve	1,043,724	365,211	1,408,935
STI CD	21,608	-	21,608
Total restricted - current	1,994,128	365,211	2,359,339
Total Cash And Investments	\$ 12,255,265	\$ 10,452,137	\$ 22,707,402

Investment Securities

General - Investment Policies, Portfolio Information, and Restrictions

The Agency's investments are governed by the terms of the Agency's Investment Policy. The Agency's cash and investments are either governed by long-term debt agreements or the Agency's Investment Policy. The Investment Policy for Agency-held funds was amended and adopted by the Board of Directors in June 2009. The following Agency-held securities are eligible for investment under the Investment Policy:

1. Obligations of, or obligations insured or guaranteed by, the United States;
2. Obligations of United States agencies or instrumentalities;
3. Corporate debt securities with a minimum rating of "A" or the equivalent by a nationally recognized rating organization;
4. United States Agency mortgage-backed securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association;

Southeast Alaska Power Agency

Notes to Basic Financial Statements

5. Uncollateralized deposits at banks, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC);
6. Prime commercial paper bearing the highest rating of a nationally recognized rating organization; and
7. Money market mutual funds, whose portfolios consist entirely of instruments specified in 1 and 2 above and who meet the definition of SEC 2(a) 7 money-market fund.

Investments shall be diversified to minimize the risk of loss resulting from over concentration of investments in a specific issuer, maturity, or class of security. At the time of purchase, corporate securities may not exceed 25% of the market value of the total portfolio. With the exception of U.S. Agency mortgage-backed securities, no security may have a final maturity greater than five years. To further control interest rate risk, the overall duration of the portfolio may not exceed 120% of the Barclays 1-3 Year Governmental Index.

Should any security be downgraded below Investment Grade (BAA or equivalent) by a nationally recognized rating organization, the security will be sold in an orderly manner within 90 days of such downgrade. The following Trustee-held securities are eligible for investment under the Bond Indenture of Trust:

1. Obligations of the United States or of an agency or instrumentality of the United States;
2. Repurchase and reverse repurchase agreements secured by the Treasury of the United States or obligations of an agency or instrumentality of the United States; certificates of deposit, bankers' acceptances, and other similar obligations of a bank domiciled in the United States that has on the date of purchase:
 - Outstanding debt rated Aa or AA or higher by at least one of the nationally recognized rating services, including dollar-denominated obligations issued by a United States branch of a foreign bank, if the debt of the parent is rated A or higher; and
 - A combined capital and surplus aggregating at least \$500,000,000;
3. Commercial paper and other short-term taxable instruments that maintain the highest rating by at least two nationally recognized rating services on the date of purchase;
4. Obligations of a corporation domiciled in the United States or obligations of a municipality, if the obligations are rated on the date of purchase Aa or AA or higher by at least two nationally recognized rating services;
5. Certificates of deposit issued by a state or federally chartered financial institution that is a commercial or mutual bank, savings and loan association, or credit union, but only if, and to the extent, the institution's accounts are insured through the appropriate federal insuring agency of the United States;
6. Money market funds in which the securities of the fund consist of obligations listed above; and
7. Any other investment permitted under the Issuer's investment policy, as amended, from time to time in writing, which will not adversely affect the ratings of the Outstanding Bonds.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to this Indenture by a Supplemental Indenture, thus permitting investments with different characteristics from those permitted above, which the Issuer deems from time to time to be in the interest of the Issuer to include as Permitted Investments, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the rating on the Outstanding Bonds.

At June 30, 2014 and 2013, the Agency had the following cash and investments:

	2014	2013
Money market	\$ 2,743,508	\$ 2,085,062
Demand deposits	13,949,546	10,148,595
U.S. government agencies	1,530,392	6,905,910
U.S. government bonds	4,742,648	1,414,457
Corporate bonds	1,487,103	2,131,770
Certificates of deposit	21,618	21,608
Total	\$ 24,474,815	\$ 22,707,402

Interest Rate

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of the investment's fair value to changes in the market interest rates.

Investment maturities at June 30 are as follows:

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
<i>June 30, 2014</i>			
U.S. government agencies	\$ 1,530,392	\$ -	\$ 1,530,392
U.S. government bonds	4,742,648	-	4,742,648
Corporate bonds	1,487,103	-	1,487,103
Total	\$ 7,760,143	\$ -	\$ 7,760,143
<i>June 30, 2013</i>			
U.S. government agencies	\$ 6,905,910	\$ 365,211	\$ 6,540,699
U.S. government bonds	1,414,457	-	1,414,457
Corporate bonds	2,131,770	-	2,131,770
Total	\$ 10,452,137	\$ 365,211	\$ 10,086,926

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The credit quality ratings of the Agency's investments as of June 30, 2014 and 2013, as described by nationally recognized statistical rating organizations, are shown below (using Standard & Poor's Corporation rating scale unless otherwise noted):

Investment Type	Rating	Percent of Total	
		2014	2013
U.S. government agencies	AAA	19.7%	66.1%
U.S. government bonds	AAA	61.1%	13.5%
Corporate bonds	AAA	19.2%	20.4%
Total		100.0%	100.0%

Custodial Credit Risk

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. The Agency has not established a formal custodial credit risk policy for its investments. However, the Agency has a custodial agreement in place with their primary banking institution. At June 30, 2014 and 2013, \$753,887 and \$700,408, respectively, of bank deposits were uninsured and uncollateralized.

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Agency's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments.

At June 30, 2014, the Agency's investments included the following concentrations greater than 5%:

Investment Type	Investment at Fair Value	Percentage of Total Portfolio
Federal National Mortgage Association	\$ 1,530,392	19.72%
U.S. Treasury Bond	4,742,648	61.12%
Corporate Bonds	1,487,103	19.16%

Southeast Alaska Power Agency

Notes to Basic Financial Statements

At June 30, 2013, the Agency's investments included the following concentrations greater than 5%:

<i>June 30, 2013</i> Investment Type	Investment at Fair Value	Percentage of Total Portfolio
Federal Home Loan Mortgage Corporation	\$ 1,707,367	16.34%
Federal National Mortgage Association	4,083,249	39.07%
U.S. Treasury Bond	1,414,457	13.53%

4. Capital Assets

The components of the Agency's capital assets at June 30, 2014 and 2013 are as follows:

<i>June 30,</i>	2014	2013
Tyee Lake	\$ 28,035,495	\$ 26,347,903
Swan Lake	18,803,247	17,818,959
Swan-Tyee Intertie	111,616,420	111,542,302
SEAPA office - SCADA	739,668	664,541
Leasehold improvements	25,000	25,000
	159,219,830	156,398,705
Less accumulated depreciation	(27,930,417)	(23,884,085)
Total Capital Assets, Net Of Accumulated Depreciation	\$ 131,289,413	\$ 132,514,620

Capital asset activity for the Agency for the year ended June 30, 2014 follows:

<i>June 30, 2014</i>	Balance at June 30, 2013	Additions	Transfers and Deletions	Balance at June 30, 2014
Capital assets not being depreciated:				
Swan Lake construction in progress	\$ 1,587,251	1,874,693	(1,049,243)	2,412,701
Swan-Tyee construction in progress	160,434	74,179	(197,067)	37,546
SEAPA office - SCADA construction in progress	20,588	73,295	(64,942)	28,941
Tyee Lake construction in progress	287,337	1,691,963	(1,592,770)	386,530
Total capital assets not being depreciated	2,055,610	3,714,130	(2,904,022)	2,865,718

Southeast Alaska Power Agency

Notes to Basic Financial Statements

<i>June 30, 2014</i>	Balance at June 30, 2013	Additions	Transfers and Deletions	Balance at June 30, 2014
Capital assets being depreciated:				
Structures	\$ 11,415,466	\$ 795,336	\$ -	\$ 12,210,802
Infrastructure	1,879,918	307,110	-	2,187,028
Generation and distribution	140,049,894	674,780	-	140,724,674
Furniture, fixtures and other	972,818	233,790	-	1,206,608
Leasehold improvements	25,000	-	-	25,000
Total capital assets being depreciated	154,343,096	2,011,016	-	156,354,112
Less accumulated depreciation:				
Structures	(3,864,170)	(377,874)	-	(4,242,044)
Infrastructure	(818,040)	(103,915)	-	(921,955)
Generation and distribution	(18,784,199)	(3,481,934)	-	(22,266,133)
Furniture, fixtures and other	(410,177)	(80,108)	-	(490,285)
Leasehold improvements	(7,500)	(2,500)	-	(10,000)
Total accumulated depreciation	(23,884,086)	(4,046,331)	-	(27,930,417)
Capital assets being depreciated, net	130,459,010	(2,035,315)	-	128,423,695
Total Capital Assets, Net	\$ 132,514,620	1,678,815	(2,904,022)	131,289,413

Capital asset activity for the Agency for the year ended June 30, 2013 follows:

<i>June 30, 2013</i>	Balance at June 30, 2012	Additions	Transfers and Deletions	Balance at June 30, 2013
Capital assets not being depreciated:				
Swan Lake construction in progress	\$ 151,421	1,435,830	-	1,587,251
Swan-Tyee construction in progress	102,686	57,748	-	160,434
SEAPA office - SCADA construction in progress	130,663	1,757	(111,832)	20,588
Tyee Lake construction in progress	7,901	279,436	-	287,337
Total capital assets not being depreciated	392,671	1,774,771	(111,832)	2,055,610

Southeast Alaska Power Agency

Notes to Basic Financial Statements

<i>June 30, 2013</i>	Balance at June 30, 2012	Additions	Transfers and Deletions	Balance at June 30, 2013
Capital assets being depreciated:				
Structures	\$ 11,415,466	\$ -	\$ -	\$ 11,415,466
Infrastructure	1,804,755	75,163	-	1,879,918
Generation and distribution	139,976,166	73,728	-	140,049,894
Furniture, fixtures and other	741,059	204,192	-	972,818
Leasehold improvements	52,567	-	-	25,000
Total capital assets being depreciated	153,990,013	353,083	-	154,343,096
Less accumulated depreciation:				
Structures	(3,501,050)	(363,120)	-	(3,864,170)
Infrastructure	(736,951)	(81,089)	-	(818,040)
Generation and distribution	(15,353,449)	(3,430,750)	-	(18,784,199)
Furniture, fixtures and other	(374,730)	(35,447)	-	(410,177)
Leasehold improvements	(5,000)	(2,500)	-	(7,500)
Total accumulated depreciation	(19,971,180)	(3,912,906)	-	(23,884,086)
Capital assets being depreciated, net	134,018,833	(3,559,823)	-	130,459,010
Total Capital Assets, Net	\$ 134,411,504	(1,785,052)	(111,832)	132,514,620

5. Long-Term Debt

In February 2002, the Alaska Industrial Development and Export Authority (AIDEA) loaned the Agency \$77.1 million at 6.5% to finance the purchase of the Swan Lake and Tyee Lake facilities. The Agency used \$68 million for the purchase of assets and the remaining \$9.1 million to fund closing costs and the initial funding of required reserves. During 2004, the Agency made principal payments on the loan of \$1.5 million.

On October 6, 2004, the Agency issued an aggregate of \$62.175 million electric revenue refunding bonds, comprised of \$28.905 million Series 2004A (Tax-Exempt) fixed rate bonds and \$33.27 million Series 2004B (Taxable) weekly variable rate bonds. The bond proceeds, together with other available funds, were used to refund the AIDEA loan.

In February 2009, the 2004 bonds were advance refunded as part of the Agency's restructure, and the Agency issued \$16.495 million in Series 2009 (Tax-Exempt) electric revenue refunding bonds. Interest is payable on these bonds on June 1 and December 1, commencing December 1, 2009 at interest rates of 3.00% to 5.375%.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

As part of the refunding, the Agency incurred loan origination costs of approximately \$497,000; these costs were written off in accordance with GASB Statement number 65. The refunding also resulted in a bond issue discount of approximately \$125,000 that is being amortized over the life of the bonds.

The 2004 bonds were defeased by placing a portion of the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust accounts are not included in these financial statements. At June 30, 2014, the amount of the bonds considered defeased was \$21,242,003.

The following tables reflect the changes in long-term debt for the years ended June 30, 2014 and 2013, respectively:

<i>June 30, 2014</i>	Balance at June 30, 2013	Additions	Retired	Balance at June 30, 2014	Due Within One Year
Series 2009 Bonds	\$ 14,100,000	\$ -	\$ 700,000	\$ 13,400,000	\$ 725,000

<i>June 30, 2013</i>	Balance at June 30, 2012	Additions	Retired	Balance at June 30, 2013	Due Within One Year
Series 2009 Bonds	\$ 14,775,000	\$ -	\$ 675,000	\$ 14,100,000	\$ 700,000

The minimum payments of the outstanding bonds for the years subsequent to June 30, 2014, based on scheduled maturities, are as follows:

<i>Year Ending June 30:</i>	Principal	Interest	Total
2015	\$ 725,000	\$ 634,425	\$ 1,359,425
2016	745,000	612,675	1,357,675
2017	770,000	589,394	1,359,394
2018	800,000	558,594	1,358,594
2019	830,000	526,594	1,356,594
2020-2024	4,760,000	2,019,589	6,779,589
Thereafter	4,770,000	657,902	5,427,902
	\$ 13,400,000	\$ 5,599,173	\$ 18,999,173

6. Operating Lease

The Agency entered into a three-year lease agreement for office space in Ketchikan, Alaska in December 2012, which was a transfer from the previous lease with a five-year period. The Agency has the right to renew the lease for two consecutive five-year periods. The Agency also entered into five-year leases for a copier and printer in March 2012. Under the terms of these leases, the Agency is obligated to pay the following amounts in future years:

Southeast Alaska Power Agency

Notes to Basic Financial Statements

<i>Year Ending June 30:</i>	Amount
2015	\$ 31,986
2016	5,880

During 2014 and 2013, the Agency expensed \$54,350 and \$52,925, respectively, under non-cancelable lease obligations.

7. Commitments and Contingencies

During the normal course of business, the Agency may be subject to various claims and disputes related to the conduct of its business. Management believes the resolution of these matters will not have a material effect on financial position, results of operations, or cash flows.

8. Subsequent Events

In August 2014, SEAPA assumed operations of the Tye Lake hydroelectric plant from Thomas Bay Power Authority (TBPA). As a result, an expense of approximately \$400,000 will be recorded as a special item in fiscal year 2015 to account for related assets and liabilities expected to be settled by SEAPA in the future.

On July 1, 2014, the final payment of \$21,446,987.50 was made from the escrow account for the Series 2004AB Electric Revenue bonds. (see note 5)

The Alaska Department of Commerce, Community and Economic Development issued a \$3,320,000 grant to SEAPA for the Swan Lake Hydroelectric Project Reservoir Expansion.

Supplementary Information

DRAFT

Southeast Alaska Power Agency, Alaska

Schedule of State Financial Assistance

Year Ended June 30, 2014

Name of Grant	Grant Number	Grant Award	State Expenditures
Department of Commerce, Community, and Economic Development			
*Hydroelectric Storage, Generation, Transmission & Business Analysis	13-DC-553	3,000,000	\$ 861,370
Alaska Energy Authority			
*Kake-Petersburg Intertie Final Design	2195414	2,990,000	<u>252,677</u>
Total State Financial Assistance			<u>\$ 1,114,047</u>

*Major Program

Note 1: Basis of Presentation

The Schedule of State Financial Assistance includes the state grant activity of Southeast Alaska Power Agency under programs of the State of Alaska for the year ended June 30, 2014. The information on this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Southeast Alaska Power Agency, it is not intended to and does not present the financial position, changes in net position or cash flows of Southeast Alaska Power Agency.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Single Audit Section

DRAFT



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
Southeast Alaska Power Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeast Alaska Power Agency as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Southeast Alaska Power Agency's basic financial statements, and have issued our report thereon dated ~~XXXX~~, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeast Alaska Power Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Alaska Power Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeast Alaska Power Agency's internal control.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Alaska Power Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anchorage, Alaska
XXXX, 2014

DRAFT



Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

The Board of Directors
Southeast Alaska Power Agency

Report on Compliance for Each Major State Program

We have audited the Southeast Alaska Power Agency's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Southeast Alaska Power Agency's major state programs for the year ended June 30, 2014. The Southeast Alaska Power Agency's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southeast Alaska Power Agency's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Southeast Alaska Power Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Southeast Alaska Power Agency's compliance.

Opinion on Each Major State Program

In our opinion, Southeast Alaska Power Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Anchorage, Alaska
XXXX, 2014

Southeast Alaska Power Agency

Schedule of Finding and Questioned Costs Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes (none reported)

Noncompliance material to financial statements noted? yes No

State Financial Assistance

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes (none reported)

Type of auditor's report issued on compliance for major programs: Unmodified

Dollar threshold used to distinguish between a major program: \$ 75,000

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

No findings to report.

Section III - State Financial Assistance

No findings to report.

Southeast Alaska Power Agency

Summary Schedule of Prior Audit Findings *Year Ended June 30, 2014*

There were no prior year audit findings.

DRAFT

Southeast Alaska Power Agency

Corrective Action Plan *Year Ended June 30, 2014*

There are no current year findings; therefore no corrective action is needed.

DRAFT



Southeast Alaska Power Agency CEO Report

DATE: November 6, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

LEGISLATIVE & AGENCY AFFAIRS

Draft Legislation: Last year I briefed the board regarding draft Senate legislation that could potentially have a negative impact on SEAPA and the ratepayers. This draft legislation has since been widely distributed and will likely get legs during the next couple of sessions. I've attached a copy in its current form for your review (Attachment 1). Although SEAPA is currently exempt from Regulatory Commission of Alaska (RCA) oversight, the draft language directly references Joint Action Agencies and may have impacts outside of the RCA's jurisdiction. For example, the proposed legislation seeks to limit a utility's ability to recover legal costs related to an action against a qualifying facility (QF) or independent power producer (IPP). It also seeks to expand the RCA's enforcement role. I can't overstate the importance of maintaining our RCA exemption and minimizing our exposure to unintended consequences that may result from misguided legislation. I'm tracking this very closely and have been in discussions with the bill's sponsor. Our State lobbyist is also keeping a sharp eye out for any movement.

The Alaska Power Association is carefully analyzing potential impacts of the proposed legislation. As an APA Board member, we have a seat at the table in shaping the strategy to address the proposed changes. There are a number of active QF/IPP related lawsuits in the Railbelt at this time, so this is a hot issue that is quickly rising to the top.

Grant Funding Requests: SEAPA submitted two grant applications under the Renewable Energy Grant Program as authorized by the Board at our last meeting. One was for \$2.78 million for the Swan Lake Reservoir Expansion Project and the other was for \$88,741 for a wind resource assessment. In addition to these two requests, we reached out directly to the Office of Management and Budget (OMB) and the Governor for possible inclusion of \$2.8 million for Swan directly into the Governor's capital budget (Attachment 2). We'll also enter our request for Swan funding into CAPSIS at the appropriate time. The impact of possible changes in State leadership and low oil prices will likely present strong headwinds going into the next legislative session.

Federal Landscape: Recent changes at the Federal Level will elevate Alaska's voice on energy issues. Senator Murkowski will be a strong advocate as the new Chair of the Senate Energy and Natural Resources Committee. This will enhance our ability to address a short list of key Federal issues that pose barriers to future hydro development in our region (e.g.

Roadless Rule, LUD's, Permitting, and Funding). Also at the Federal level, Chairman Sivertsen and I met with candidate Dan Sullivan prior to the Senate election and discussed key regional issues for our industry. If the current election results hold, we have a good placeholder for a follow-up engagement. The Board may want to consider re-enlisting a Federal lobbyist in a few months, at least on a part-time basis, to bolster our Washington D.C. presence and help communicate key issues. Last year there was a notable positive shift toward supporting hydro as a renewable and this may be our opportunity to direct that momentum toward vital changes.

BEST PRACTICES AND PROCESS IMPROVEMENTS

Policies and Procedures Handbook Update: Per the Board's request, the Policies and Procedures Handbook will be provided in a single consolidated document for your review. Good progress has been made over the last couple of months, but the focus of our legal counsel has been temporarily shifted to address other time sensitive issues. I apologize for the delay. Mr. Paisner and I will make a commitment to deliver a draft at least two weeks prior to our next regularly scheduled Board meeting in January.

Valuation of Tyee and Swan Projects: A draft report was received and staff has reviewed it and provided feedback to the appraiser. Previous assessments did not include an itemized list of equipment, so this effort will establish a credible baseline for future comparisons. Preliminary findings indicate that the replacement values are currently overstated and this professional evaluation will give us leverage when we renegotiate insurance premiums next year. SEAPA has an obligation to provide accurate values for our assets and this is another example of our ongoing efforts to implement best practices.

INDUSTRY PRESENCE & PUBLIC RELATIONS

Alaska Power Association - Annual Meeting: I attended APA's annual meeting hosted by Copper Valley Electric in Valdez the second week of September. We had frank discussions regarding a variety of important issues currently facing our industry and discussed strategy for the Association. We toured Solomon Gulch and Allison Creek, which is currently under construction. SEAPA will host next year's APA annual meeting in Ketchikan.

Southeast Conference: SEAPA staff attended Southeast Conference in Wrangell the third week of September. I presented an overview of ongoing SEAPA initiatives with a focus on finding the next increment of hydro for the region.

Sitka Energy Summit: Staff attended the Sitka Energy Summit at the end of October. The primary purpose of the summit was to review the status of the Southeast Integrated Resource Plan (SEIRP) initiatives. Mr. Wolfe and I both provided presentations. Mr. Wolfe gave an update on several of SEAPA's initiatives that have advanced since the SEIRP and my presentation focused on a gap in State energy policy for dealing with the high front-end costs of new hydro development. AEA had a strong presence at the meeting and spoke on a variety of topics. Our member utility managers and SEAPA Board Chair also attended.

North to the Future, Volume V: Staff compiled pictures and drafted a narrative for inclusion in this high profile publication that showcases Alaska businesses. This will further showcase SEAPA as a regional leader in the power industry.

SEAPA Historical Preservation Project: We are still working with Dave Carlson to facilitate continuation of work related to SEAPA's historical preservation.

WHITMAN TRUE-UP

The development of the Whitman True-up process has been a multi-year effort and I am very pleased to report that both sides have signed the final agreement.

KAKE - PETERSBURG INTERTIE (KPI)

The Preliminary Draft Environmental Impact Statement (PDEIS) will go out for public comment prior to the end of the year. We are still on track to submit the Final EIS in May 2015. SEAPA conducted a KPI Steering Committee meeting during Southeast Conference in September. Attached are minutes and the latest project update flyer (Attachments 3 and 4).

As part of SEAPA's commitment to advance the KPI project to the construction ready stage, it is necessary for us to transfer special use permits and cost sharing agreements with the USFS. I have included a request for authorization to enter into these agreements under new business. As a reminder, all work related to this effort is fully grant funded.

RECRUITMENT

SEAPA is currently recruiting to fill four vacant positions. Recent response has been strong and we have several interviews scheduled for the week of November 17th. The applicant pool looks favorable and we are optimistic that we will be able to fill some slots.

Administrative Assistant (Ketchikan)
Brushing Technician (Wrangell)
Operator/Electrician (Tyee)
Power System Specialist (Ketchikan)

Attachments:

Attachment 1: Draft Legislation
Attachment 2: Letter to OMB
Attachment 3: KPI Steering Committee Minutes
Attachment 4: KPI Update Flyer

**ATTACHMENT 1
TO
CEO REPORT**

29-LS0036\W
Nauman
8/14/14

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATOR COGHILL

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Regulatory Commission of Alaska."**

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

3 * **Section 1.** AS 42.05.141(c) is amended to read:

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

9 * **Sec. 2.** AS 42.05.141 is amended by adding new subsections to read:

10 (e) The commission shall make regulatory decisions consistent with state
11 energy policy declared in AS 44.99.115. The commission shall

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

1 (2) promote the cost-effective development, transport, and efficient use
2 of energy resources, including fossil, alternative, and renewable energy resources, for
3 use by residents of the state and for export;

4 (3) work to identify and assist with development of the most cost-
5 effective, long-term sources of energy for each community statewide; and

6 (4) create and maintain permitting and regulatory processes that allow
7 independent power producers to develop, finance, own, operate, and manage
8 qualifying facilities and independent power producers.

9 (f) The commission shall require that the owner of a transmission asset located
10 in the state allow a qualifying facility or independent power producer fair access to a
11 transmission asset at a cost that covers the portion of the capital costs, maintenance
12 requirements, and costs required to stabilize and integrate a variable power source
13 attributable to the qualifying facility or independent power producer requesting access.
14 If a transmission asset owner and a qualifying facility or independent power producer
15 fail to agree on the conditions of joint use or interconnection, the commission may
16 issue an order requiring interconnection under AS 42.05.321(a).

17 * **Sec. 3.** AS 42.05.151(a) is amended to read:

18 (a) The commission may adopt regulations, consistent [NOT
19 INCONSISTENT] with state [THE] law including the state energy policy declared
20 in AS 44.99.115, necessary or proper to exercise its powers and to perform its duties
21 under this chapter.

22 * **Sec. 4.** AS 42.05.175(e) is amended to read:

23 (e) The commission shall issue a final order in a rule-making proceeding
24 (1) not later than 365 [730] days after a complete petition for adoption,
25 amendment, or repeal of a regulation under AS 44.62.180 - 44.62.290 is filed; or
26 (2) [,] when the commission initiates a rule-making docket, not later
27 than 365 [730] days after the order initiating the proceeding is issued.

28 * **Sec. 5.** AS 42.05.211 is amended to read:

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

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

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

7 (3) **list the avoided cost of each project of each public utility issued**
8 **a certificate under AS 42.05.221.**

9 * Sec. 6. AS 42.05.221(d) is amended to read:

10 (d) In an area where the commission determines that two or more public
11 utilities are competing to furnish identical utility service and that this competition is
12 not in the public interest, the commission shall take appropriate action to eliminate the
13 competition and any undesirable duplication of facilities. This appropriate action may
14 include [, BUT IS NOT LIMITED TO,] ordering the competing utilities to enter into a
15 contract that, among other things, would [:]

16 (1) delineate the service area boundaries of each in those areas of
17 competition;

18 (2) eliminate existing duplication and paralleling to the fullest
19 reasonable extent;

20 (3) preclude future duplication and paralleling;

21 (4) provide for the exchange of customers and facilities for the
22 purposes of providing better public service and of eliminating duplication and
23 paralleling; and

24 (5) provide [SUCH] other mutually equitable arrangements [AS
25 WOULD BE] in the public interest, **including, when applicable, a requirement that**
26 **a public utility purchase electric energy or energy capacity from a qualifying**
27 **facility or independent power producer at the avoided cost of the public utility**
28 **unless that purchase results in a rate increase for the consumer.**

29 * Sec. 7. AS 42.05.311 is amended by adding new subsections to read:

30 (d) An electric utility shall permit connection to be made and service to be
31 furnished between a system operated by it and the system or facilities operated by

1 another public utility, qualifying facility, or independent power producer if the
2 connection

3 (1) is required by the public convenience and necessity;

4 (2) is in accordance with AS 42.05.141(e) and the state energy policy
5 declared in AS 44.99.115;

6 (3) will not result in any injury to the owner or other users of the
7 facilities of the entities making the connection; and

8 (4) will not result in any detriment to the service provided by the
9 entities making the connection.

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

18 (f) When providing access to a transmission asset with available capacity, a
19 public utility may not

20 (1) discriminate between users of the transmission asset except in the
21 case of non-firming power, in which case proper consideration should be given to the
22 requirements associated with integrating the variable power source;

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

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

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

30 (h) A benefit resulting from a connection described in this section shall be
31 credited toward the connecting entity. Upon request of the commission or the

1 connecting entity, the owning public utility shall disclose the basis for the integration
2 charges or credits and shall bear the burden of demonstrating that the charges or
3 credits comply with this section.

4 * **Sec. 8.** AS 42.05.321(a) is amended to read:

5 (a) In case of failure to agree on [UPON] the joint use or interconnection of
6 facilities or the conditions or compensation for joint use or interconnections, the public
7 utility, including any municipality, or an interested person may apply to the
8 commission for an order requiring the interconnection. If, after investigation and
9 opportunity for hearing, the commission finds that public convenience and necessity
10 require the joint use or connection, **that the connection is consistent with**
11 **AS 42.05.141(e) and the state energy policy declared in AS 44.99.115,** and that the
12 use or connection will not result in any [SUBSTANTIAL] injury to the owner utility
13 or its customers, or in substantial detriment to the services furnished by the owner
14 utility, or in the creation of safety hazards, it shall

- 15 (1) order that the use be permitted;
- 16 (2) prescribe reasonable conditions and compensation for the joint use;
- 17 (3) order the interconnection to be made;
- 18 (4) determine the time and manner of the interconnection;
- 19 (5) determine the apportionment of costs and responsibility for
20 operation and maintenance of the interconnection.

21 * **Sec. 9.** AS 42.05.381(a) is amended to read:

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

- 28 (1) energy conservation efforts;
- 29 (2) public information designed to promote more efficient use of the
30 utility's facilities or services or to protect the physical plant of the utility;
- 31 (3) informing shareholders and members of a cooperative of meetings

1 of the utility and encouraging attendance; [OR]

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

4 (5) a mediator, independent expert, or similar impartial analyst
5 used in good faith negotiations with a qualifying facility or independent power
6 producer if the negotiations result in resolution of the action.

7 * **Sec. 10.** AS 42.05.411 is amended by adding a new subsection to read:

8 (d) Upon the filing of a new or revised tariff, the commission shall review the
9 entire tariff for consistency with AS 42.05.141(e) and the state energy policy declared
10 in AS 44.99.115. If the new or revised tariff is not consistent with AS 42.05.141(e)
11 and the state energy policy, the commission shall direct the utility to revise the tariff to
12 be consistent with AS 42.06.141(e) and the state energy policy and submit the revised
13 tariff to the commission.

14 * **Sec. 11.** AS 42.05.431(c) is amended to read:

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

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

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

1 valid and enforceable;

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

5 (4) a wholesale agreement for the purchase and sale of electricity is
6 not subject to review or approval of the commission if, at the time the initial
7 agreement is made, the entity providing the electricity is not a utility and the
8 purchaser is a person located outside a certificated service area of a utility,
9 regardless of whether the purchaser later becomes part of a certificated service
10 area of a utility.

11 * Sec. 12. AS 42.05.511(a) is amended to read:

12 (a) The commission may

13 (1) investigate the management of a public utility, including [BUT
14 NOT LIMITED TO] staffing patterns, wage and salary scales and agreements,
15 investment policies and practices, purchasing and payment arrangements with
16 affiliated interests, for the purpose of determining inefficient or unreasonable practices
17 that adversely affect the cost or quality of service of the public utility;

18 (2) review emergency backup, mid-term, and long-term fuel
19 supply plans for reasonableness;

20 (3) investigate suspected discriminatory or anticompetitive
21 practices in the procurement of wholesale power from a qualifying facility or
22 independent power producer.

23 * Sec. 13. AS 42.05.711(r) is amended to read:

24 (r) A plant or facility owned or operated by an independent power
25 producer [THAT GENERATES ELECTRICITY ENTIRELY FROM RENEWABLE
26 ENERGY RESOURCES] is exempt from regulation under this chapter if

27 (1) the plant or facility

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

30 (B) does not generate more than 65 megawatts of electricity;

31 and

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

5 (3) THE PERSON THAT CONSTRUCTS, OWNS, ACQUIRES, OR
6 OPERATES THE PLANT OR FACILITY HAS NOT RECEIVED FROM THE
7 STATE

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

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

12 * **Sec. 14.** AS 42.05.711 is amended by adding a new subsection to read:

13 (u) A qualifying facility that generates less than 80 megawatts of electricity is
14 exempt from regulation under this chapter.

15 * **Sec. 15.** AS 42.05.990(6) is amended to read:

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

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

22 (B) furnishing telecommunications service to the public for
23 compensation;

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

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

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

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

3 (G) furnishing the service of natural gas storage to the public
4 for compensation;

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

7 * **Sec. 16.** AS 42.05.990 is amended by adding new paragraphs to read:

8 (14) "anticompetitive practice" means

9 (A) a practice that directly or indirectly manipulates the
10 purchase or sale of electric energy, access to an electric transmission facility,
11 the cost of electric energy, the price paid for wholesale electric energy, or the
12 charges or credits allocated to a qualifying facility or independent power
13 producer, including interconnection, integration, wheeling, and demand ratchet
14 charges or credits;

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

16 (C) making an untrue statement or omission of material fact in
17 a communication published by a public utility for use by the commission, a
18 qualifying utility, an independent power producer, or the customers of the
19 utility;

20 (15) "avoided cost" means the incremental cost to an electric utility of
21 electric energy or electric capacity or both that, but for the purchase of that unit from a
22 qualifying facility or independent power producer, a public utility would have to
23 generate itself or purchase from another source;

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

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

30 (18) "joint action agency" means a joint action agency established
31 under AS 42.45.300, except as otherwise provided in AS 42.05.711(o);

1 (19) "qualifying facility" means

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

4 (i) is a renewable or alternative energy resource,
5 including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, or
6 biomass energy; or

7 (ii) originates in the state; or

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

12 (20) "reasonable compensation" means a return on the private equity of
13 the owning public utility or joint action agency for the portion of the facility that is
14 jointly used plus the cost to the owning public utility or joint action agency of the
15 capacity of the sewer, conduit, utilidor, pole, pole line, pipe, pipeline, main, or other
16 distribution or transmission facility that is jointly used;

17 (21) "reasonable integration charges or credits" means the
18 nondiscriminatory costs that are directly attributable to the system connection,
19 reasonably necessary to maintain safe and reliable operations of the utility system, in
20 excess of the corresponding costs that the public utility would have otherwise
21 incurred, not duplicative of costs already charged related to the system connection,
22 and determined in the same manner as the utility allocates the charges to itself;

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

25 * **Sec. 17.** AS 42.45.300 is amended to read:

26 **Sec. 42.45.300. Joint action agencies.** Two or more public utilities may form
27 a joint action agency for the purpose of participation in the design, construction,
28 operation, and maintenance of a generating or transmission facility and to secure
29 financing for carrying out the design, construction, operation, and maintenance of the
30 facility. A joint action agency may request the Alaska Industrial Development and
31 Export Authority to issue revenue bonds for projects of the agency. Except as

1 **provided in AS 42.05.711(o), a** [A] joint action agency **may be regulated as** [HAS
2 THE POWERS OF] a public utility under AS 42.05.

3 * **Sec. 18.** AS 42.05.311(a) and 42.05.321(b) are repealed.

**ATTACHMENT 2
TO
CEO REPORT**

THE SOUTHEAST ALASKA POWER AGENCY

1900 First Avenue
Suite 318
Ketchikan, Alaska 99901



Phone: 907.228.2281
Fax: 907.225.2287

www.seapahydro.org

October 20, 2014

Delivery via Email to Karen.Rehfeld@alaska.gov and U.S. Priority Mail

Karen J. Rehfeld, Director
Office of Management and Budget
State of Alaska
P. O. Box 110020
Juneau, Alaska 99811-0020

Re: SEAPA Request for Direct Appropriation | Swan Lake Reservoir Expansion Project

Dear Director Rehfeld:

Please accept this letter as a request for a direct appropriation of \$2,797,935 in the Governor's Budget for Fiscal Year 2016 State Capital Project Funding to the Southeast Alaska Power Agency ("SEAPA") for the following:

Project Name: Swan Lake Reservoir Expansion Project ("Project")

Total Project Estimate: \$13,391,869

<u>Funding:</u>	Amount	Source	Allocation
	\$ 578,000	2013 DCCED Grant	permitting & engineering
	\$ 3,320,000	2015 DCCED Grant	final design & permitting
	\$ 6,695,934	SEAPA Contribution	
	<u>\$ 2,797,935</u>	Request for Direct Appropriation	
Total	\$13,391,869		

Project Benefits:

- Displaces up to 12,000 MWhrs of winter diesel generation, which equates to a reduction of 800,000 gallons of diesel fuel annually.
- Benefits all three interconnected member utility communities (Petersburg, Wrangell, and Ketchikan) by providing additional energy storage capacity and greater operational flexibility.
- Maximizes value of an existing hydro project without the need for additional transmission or powerhouse infrastructure.
- Timing of project is consistent with predicted load growth; fully operational by 2016.

SOUTHEAST ALASKA POWER AGENCY

Karen J. Rehfeld, Director
Office of Management and Budget
October 20, 2014
Page 2

- Directly contributes to increasing regional hydro storage capacity, which was identified as a priority in the Southeast Alaska Integrated Resource Plan (SEIRP).
- Provides additional capacity to accommodate residential space heating conversions.
- Compliments the new Whitman Hydroelectric Project, (shifts summer spill that would have occurred at the Whitman hydro facility to much needed winter hydro generation).
- Provides additional storage for non-dispatchable sources such as wind or run-of-the-river hydro, which could be potential future projects.
- Reduces potential energy lost due to reservoir spill occurring most years.
- 100% of the energy produced as a result of enhancing the storage capacity will be for the public benefit.
- Local jobs during construction.
- The displacement of 800,000 gallons of diesel from this Project will save 17,904,000 pounds of CO₂ from being emitted into the atmosphere.

This request for a direct appropriation reflects a considerable reduction from the \$12,330,519 requested for the project in the State's FY15 budget and is supported as the No. 1 community priority by the City of Ketchikan, Ketchikan Gateway Borough, and City of Saxman for the Greater Ketchikan Community's request for Fiscal Year 2016 State funding.

SEAPA is leading the region's effort to advance new power generation opportunities to serve anticipated load growth. Our integrated planning process supports responsible development that will provide the maximum long-term benefit for ratepayers. SEAPA currently has multiple initiatives following parallel paths to address near, mid, and long-term power and energy needs for the region.

Two key findings in the Southeast Alaska Integrated Resource Plan (SEIRP) were a shortage in hydro storage and a lack of uniform information on potential hydro sites. The Swan Lake Project specifically addresses the need to increase storage capacity within SEAPA's control area. As the regional generation transmission provider, SEAPA is also conducting a state-funded regional hydrosite analysis that spans from Kake to Metlakatla. Our regional hydrosite analysis will support fact-based decision making and establish credible and actionable recommendations to steer future project development in our region. This is a multi-year effort and the results will be made available after all field data has been collected and individual site definition documents have been completed.

We appreciate the State's consideration of this request and remain fully committed to identifying and developing renewable energy resources that are in the best long-term interests of our ratepayers.

SOUTHEAST ALASKA POWER AGENCY

Karen J. Rehfeld, Director
Office of Management and Budget
October 20, 2014
Page 3

If you have any questions, please do not hesitate to contact me at 907.228.2281.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'T. Acteson', with a long, sweeping underline that extends to the right.

Trey Acteson, CEO
The Southeast Alaska Power Agency

cc: Michael Nizich, Chief of Staff, Office of the Governor, w/enclosure via email to mike.nizich@alaska.gov

**ATTACHMENT 3
TO
CEO REPORT**

STEERING COMMITTEE MEETING NOTES
Kake-Petersburg Intertie (KPI) Project
September 13, 2014
Wrangell

Participants Included: Trey Acteson, Andy Hughes, Robert Venables, Richard George, Mayor Henrich Kadake, Mayor Mark Jensen, Tom Reinarts, Mayor Merrill Sanford, Senator Bert Stedman, and Mark Schinman.

1. **Meeting called to order** - Trey Acteson, SEAPA, CEO
2. **Changes to the Agenda** - A request to provide time for questions about the ferry was approved.
3. **Introductions** - All
4. **Kake Access Project Updates** - Andy Hughes provided a one page handout (copy attached) prepared by Federal Highway and summarized the project status. He expressed dissatisfaction with the schedule slippage. Federal Highway has hired a new consultant for the project, Parametrics. The project will have a narrower more defined scope as it moves forward. Andy answered several questions about the project, including questions about the ferry.
5. **KPI Construction Funding Activities** - Robert Venables indicated funding is not expected in the near future and there is value in getting the project prepared. It is possible the KPI will be attached to the funding of another project. He indicated SB 138 is a possibility, however, funding from that might be 10 years away. Senator Bert Stedman indicated that funding is a matter of negotiation when funding other projects.
6. **KPI Status Update** - Mark Schinman provided a project update using a PowerPoint presentation (copy attached) which will be presented to the Southeast Conference later in the day.
7. **General Comments** -
 - a. A question was asked, as the project includes a fiber optic cable, if funding might be available using communication sources.
 - b. It was mentioned that O&M costs need to be considered when looking at the economics of the route alternates. This is being done in the updated D. Hittle report which is expected to be available in October.
 - c. Mayor Henrich Kadake thanked everyone for their efforts and suggested a report be made to the Kake council. It was discussed that the best timing might be in conjunction with the public meetings that will be held for the EIS in Kake.
 - d. Mayor Henrich Kadake indicated the population in Kake is growing. There are approximately 580 individuals currently and those in school have increased from a low of 68 to 115 presently.
 - e. Richard George commented that the intertie benefits the entire region.

- f. There were questions regarding hydro capacity. Trey Acteson reported on SEAPA's work looking at alternatives that would provide additional capacity.
- g. There was discussion regarding a letter Kupreanof sent in response to the recent republication of the Notice of Intent. Tom Reinarts later clarified that the purpose of the letter was to suggest additional resources, such as hydro and wind alternatives in Kake, be considered before the intertie and, if the intertie is built, that Kupreanof's preference is the Center South route.

Kake Access

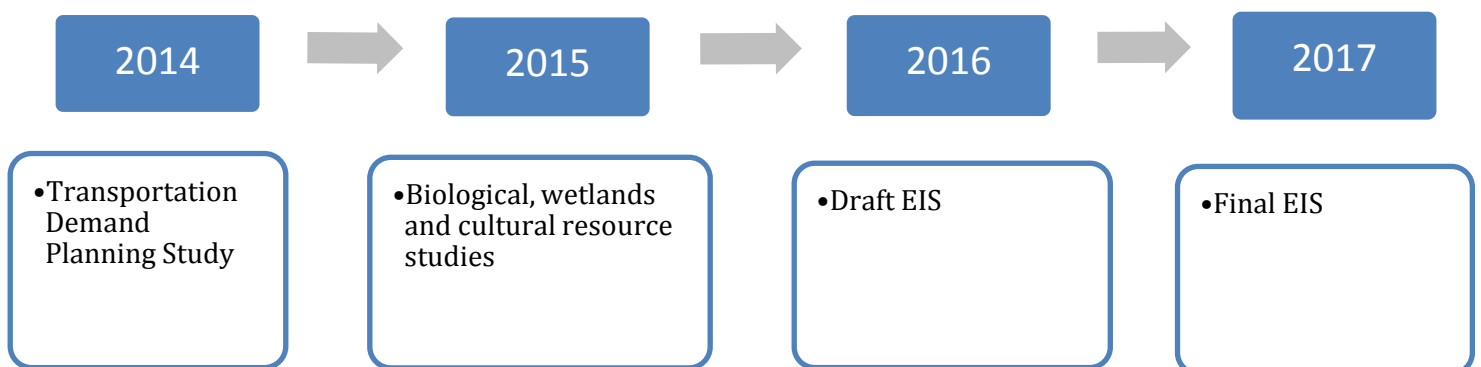
Newsletter August 18, 2014

Project Update

- A draft purpose and need was prepared for the project (June 2013). Revisions to the purpose and need are underway.
- FHWA and ADOT&PF are producing biological, wetlands and cultural resource methodology memos to guide the resource studies.
- The Southeast Alaska Transportation Plan (SATP) recommends a road between Kake and Petersburg. The 2012 Alaska Legislature appropriated \$40 million for construction of a single lane gravel road with inter-visible turnouts. The project is supported in the current 2014 draft plan update.
- In 2014 and early 2015, FHWA and ADOT&PF will undertake a transportation demand planning study to determine the level of demand for a road between Kake and Petersburg. The study will include:
 - Transportation demand planning report
 - Purpose of the report is to identify the need, benefits, and impacts of a Kake to Petersburg road.
 - Gather information to determine type, cost, length, reason for and destination of travel outside of their communities.
 - Conduct interviews with relevant parties in all three communities who may benefit or be impacted, including local municipal, borough, and tribal governmental officials, tribal corporations, representatives from the tourism, timber and fishery, food services, health services, retail, and industries, and others.



- Public Involvement
 - FHWA and ADOT&PF will publicly distribute the report summary to all residential households, libraries, local municipal, tribal governments, tribal corporations, and businesses within the study area.
 - Public meetings will be held in Kake and Petersburg in the Fall 2014 – Early 2015 to discuss the report.
- Statistically valid survey
 - FHWA and ADOT&PF will survey Kake, Kupreanof and Petersburg residents regarding the report to gauge support the project and prepare a survey results memo.
- In 2015, after completion of the transportation demand planning report, public involvement, and survey of residents, FHWA and ADOT&PF will proceed with the NEPA process.
- Conduct required biological, wetlands and cultural resource studies in 2015.
- Complete draft EIS in 2016
- **Note: the new project website is:**
<http://www.wfl.fhwa.dot.gov/projects/ak/kake/>



For more information, go to: <http://www.wfl.fhwa.dot.gov/projects/ak/kake/>

Kake - Petersburg Intertie Update

September 16, 2014

Wrangell – Southeast Conference Annual Meeting

Trey Acteson
CEO, SEAPA

Mark Schinman, P.E.
Commonwealth Associates



There is a Need for the Intertie

- Kake has an isolated electric system
- Local generation is diesel fueled
 - 2.6 MW installed capacity currently (3 units)
- Electricity is crucial to economic development
 - High cost of retail electric service
(as high as 64 cents/kWh with market fluctuations)
 - Average residential consumption very low, 366 kWh/mo
 - PCE reduces cost to residential, but not commercial users



Project Funding

- Approximately \$3.8M is Currently Available to Develop the Project so that it is Permitted and Construction Ready
- Additional Funds are Required for Construction



Project Progress

- MOU signed by SEAPA, AEA and IPEC
 - SEAPA agreed to assume the Intertie ownership role provided the project is already 100% funded
- MOU between Metlakatla and Kake for hydro
- A project management office has been established
 - Commonwealth Associates, Inc.
- Environmental Impact Statement underway, Tetra Tech
- D. Hittle January 2010 Feasibility Report being updated

Project Details



- Single wood pole overhead construction
- 69 kV or 138 kV
- Follow existing USFS roads where possible
- Fiber Optic Cable
- 2-3 year construction period

EIS Process

- Public scoping meetings April/May 2010
- Completed environmental fieldwork Fall 2010 and Summer 2011
- Resource Reports Prepared and Reviewed by the Forest Service:
 - Aquatics
 - Botany
 - Scenery
 - Soils and Geology
 - Timber
 - Transportation
 - Wetlands
 - Wildlife
 - Biological Assessment/Biological Evaluation for Wildlife
 - Biological Evaluation for Botany
 - Invasive Plant Risk Assessment



EIS Process (cont'd)

- Preliminary Draft EIS (PDEIS) Reviewed by USFS
- General Comments Received
 - Petersburg Creek – Look for Other Alternatives
 - Roadless Areas - Shovel Trails Only
 - Fewer Options
 - Identify the Proposed Action
- Based on Comments Received and New Alternative through Petersburg, a Revised PDEIS Submitted to USFS

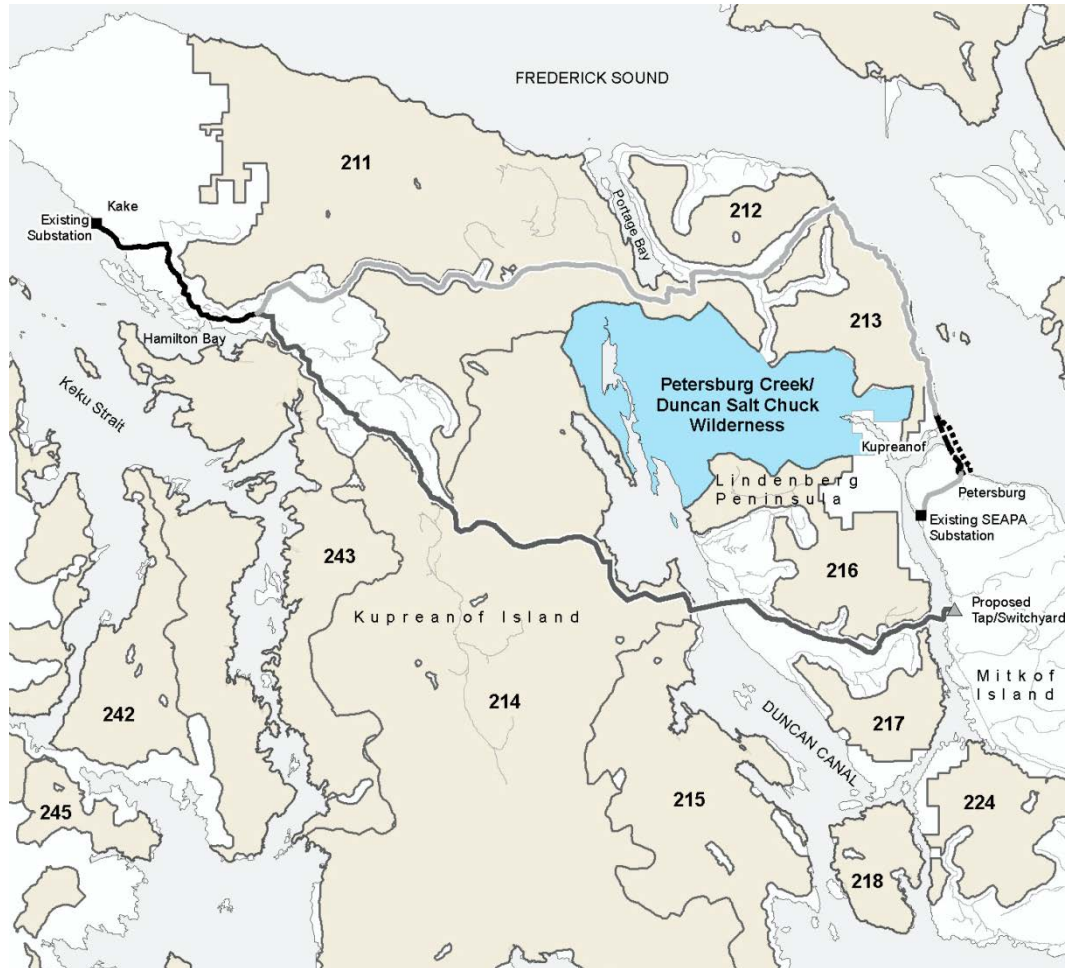
EIS Progress

- USFS May 2013 – Roadless Rule Applies
- Under Secretary Letter – November 30, 2013
 - Clarified Roadless Rule Not Applicable
- Developed New Construction Approach
- Revised Construction Cost Estimates

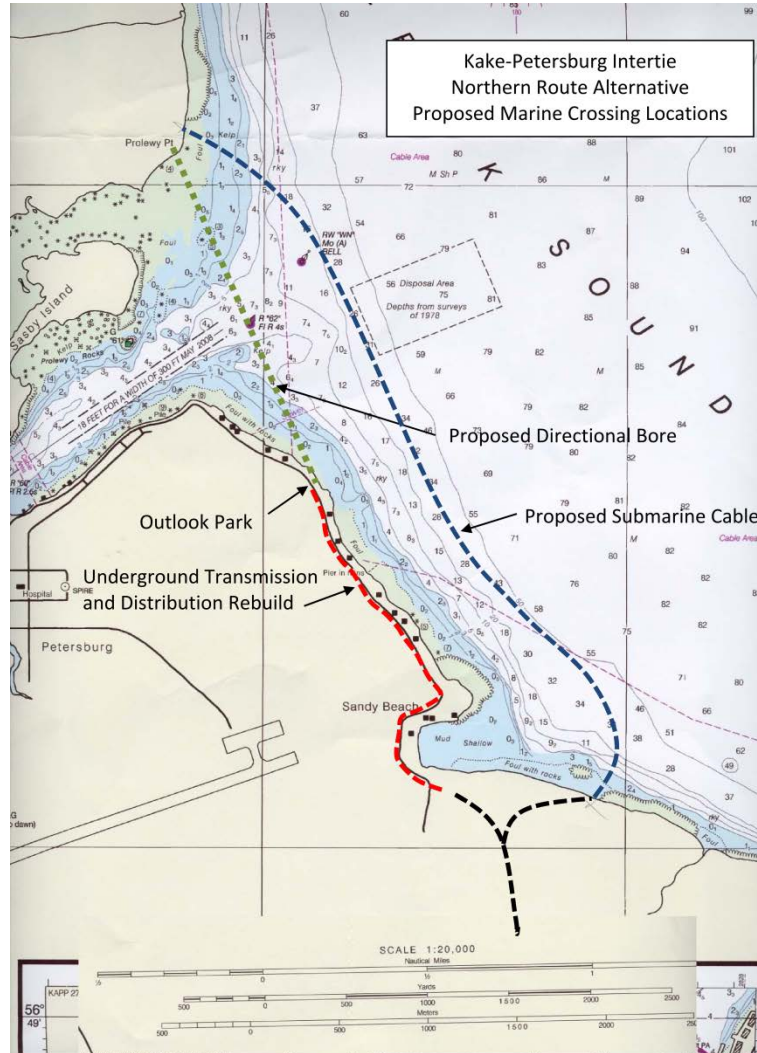
EIS Progress (Cont'd)

- Revised PDEIS Submitted to Forest Service July 17; And Updated Resource Reports
- Revised NOI Published July 28, 2014
(see <http://www.gpo.gov/fdsys/pkg/FR-2014-07-28/pdf/2014-17669.pdf>)
- Received Comments from the Forest Service on the PDEIS August 25, 2014
- Received Agency and Public Comments on the Revised NOI on August 28, 2014
- PDEIS is Currently Being Revised to Address Comments

Route Alternatives



Marine Crossing Alternatives



EIS Analysis Alternatives

Alternative 1
No Action

Alternative 2
Northern
Route w/
Directional
Bore

Alternative 3
Northern
Route w/
Submarine
Cable

Alternative 4
Center South
Route

Proposed Action

Alternative 2 – Northern Route w/ Directional Bore

Three Options

(miles)

	Alternative 2 Northern Route Directional Bore	Alternative 3 Northern Route Submarine Cable	Alternative 4 Center South Route
Total Length	59.9	60.3	51.9
Marine Crossings	1.2	3.1	1.5
Underground Length	1.4	--	--
Total Unroaded Length	22.1	22.1	13.1

Estimated Construction Costs

- Updated cost estimates realistic
 - Costs estimated in 2015-2016 dollars
- Information indicates inflation/escalation 4%/year
- Use of wide track vehicles for construction in roadless areas, with Temporary Matting in Places, and Helicopter Support as Necessary
- Some Helicopter Construction is Likely Due to Rough Terrain
- Kake Substation Moved 5 miles - Close to Town

Estimated Construction Costs

2015/16 Construction (\$000)

	Northern Dir. Bore (Alt. 2)	Northern Sub. Cable (Alt3)	Center South (Alt 4)
Overhead Line	\$ 28,804	\$ 28,804	\$ 25,302
Clearing, Trails, Helo Pads	\$ 7,476	\$ 7,476	\$ 5,084
Underground Construction	\$ 3,144		
Submarine Cables		\$ 13,471	\$ 13,197
Directional Bore Crossings	\$ 5,820		
Switchyards and Substations	\$ 1,835	\$ 1,835	\$ 2,247
Subtotal - Direct Costs	\$ 47,079	\$ 51,586	\$ 45,830
Indirect Costs	\$ 5,045	\$ 5,529	\$ 3,666
Contingency (15%)	\$ 7,819	\$ 8,567	\$ 7,424
Total Costs	\$ 59,943	\$ 65,682	\$ 56,920

Next Steps

Update January 2010 D. Hittle Intertie Study	October 2014
Draft EIS Available for Public Review and Comment	October 2014
Public Meetings on Draft EIS (Kake and Petersburg)	November 2014
Review Public Comments on DEIS	January 2015
Preliminary Final EIS based on Public Comment/FS Review	February 2015
Submit Draft Record of Decision for Forest Service Review	April 2015
Revise and Publish Final EIS and ROD	May 2015
End of 45 Day Appeal Period – EIS Complete	July 2015
Hire Design Engineers	
Hire Construction Contractors	

Schedule subject to USFS approval



Thank You,,,,,



**ATTACHMENT 4
TO
CEO REPORT**

This updates the information that was provided in January 2014.

Permitting and preliminary design work continues for a proposed new electrical transmission line intertie extending west across the Tongass National Forest, from the Petersburg area to Kake on Kupreanof Island. The Kake-Petersburg Intertie (KPI) would transmit power to Kake at either 69 or 138 kilovolts (kV) and consist primarily of single wood pole structures. The U.S. Forest Service is the lead agency for the Environmental Impact Statement (EIS).

The Roadless Rule:

The Under Secretary of the U.S. Department of Agriculture (USDA) stated in a November 30, 2013, letter that the USDA believes the KPI Project is exempt from the 2001 Roadless Rule.

After review, the Petersburg Ranger indicated that SEAPA may propose to build roads in Inventoried Roadless Areas (IRAs).

Following this confirmation, due to the added flexibility resulting from the Roadless Rule being overturned, SEAPA was able to modify the construction approach. SEAPA revised its proposed construction approach for unroaded areas and now proposes as the most overall cost effective method to use a combination of shovel trails and temporary matting panels for access during construction, with helicopter support as needed. No new roads are proposed.



Construction Access:

Existing roads will be used for intertie construction when possible. Where the proposed construction crosses areas where there are no existing roads, access will be via shovel trails and temporary matting panels. Shovel trails will be temporary and for short-term use during the proposed project construction only and will be decommissioned following construction. Shovel trails will be up to 16-foot-wide. Where available, native materials (logs and slash) removed during right-of-way clearing will be used as an underlayment of the shovel trail to allow for the passage of wide tracked equipment. Temporary matting panels will be installed where sufficient native materials are not available. Temporary bridges will also be installed. Helicopters will be used as necessary for support. In limited areas where the construction of shovel trails is not cost effective, helicopters will be used for intertie construction.

Next Steps:

- Provide the Forest Service a revised Preliminary Draft Environmental Impact Statement (PDEIS) that reflects the revised construction approach in early July for review.
- Forest Service to issue a revised Notice of Intent (NOI) in July.
- D. Hittle report update complete.
- Prepare Camera Ready Draft Environmental Impact Statement (DEIS) and submit to the Government Printing Office for printing in August.
- Two public meetings on the DEIS which depending on the exact date of the DEIS release will likely occur sometime in early- to mid-October.
- Final Environmental Impact Statement (EIS) and Draft Record of Decision (ROD) in May of 2015. 🌀

SOUTHEAST ALASKA POWER AGENCY

Date: November 4, 2014
To: Trey Acteson
From: Steve Henson, Operations Manager
Subject: Operations Update for November 13-14, 2014 Board Meeting
Purpose: To provide a status report on major operations activities.

REGULATORY

FERC

The draft Part 12 five-year report has been reviewed by staff and discussed with our independent consultant. The final report will be forthcoming by the middle of November for us to submit to FERC.

MAJOR CONTRACTS

Wrangell Reactor

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

Tentative delivery of the reactors is now scheduled for January 2015.

Factory acceptance testing will be performed during the weeks of 11/17 and 11/24 in Vaasa, Finland. The tests will be witnessed by Norconsult of Sweden on our behalf.

Satellite Communications System

Tetra Tech has been issued a task order to facilitate the permitting for the Tyee satellite dish. We have submitted permit applications and are now waiting on DNR for approval.

Tongass Engineering will have the design for the satellite platform complete by 11/15. The Tyee crew will be fabricating the platform this winter for installation in the spring.

STI Helipads

We are waiting on Forest Service approval of the design change before going out to bid for the helipads.

Wrangell Circuit Switcher

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



ATV Use on the Tye Transmission System

Meridian has been selected for the permitting effort required by the USFS for the use of the ARGO on select areas of the Tye transmission line right-of-way.

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

Swan Lake Power House Roof and Water Tank Projects

There were no bids for the water tank painting. We have tasked Joe May with sizing and specifications for removal of the old tank and replacement with a new tank taking into consideration domestic use and deluge firefighting needs. The KPU landfill was contacted and they will accept the old tank after it is removed.

Operator Training

First aid training will be provided to Tyee employees, Brent Mill and Randy Rasler on November 5th.

Swan Lake Bank Stabilization Project

Engineers from Tetra Tech have assessed mitigation measures for the sloughing bank behind the storage building at Swan Lake. There was no immediate or imminent danger noted. A decision was made to defer any action until the equipment and manpower are available during the Swan pool raise.

Annual Maintenance

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

Zincs were installed on the Tyee harbor pilings and the intake course trash rack in Tyee Lake was inspected via ROV. An attempt was made with the ROV to inspect the fine trash rack inside the gate shaft but was unsuccessful due to the ROV being too large to get past the platforms and gate. We will research other options for that inspection.



Improper spool for preform to rest in – will eventually cause failure.



Shackles rubbing on preform.



Different angle of shackles shown in previous photo.

CONCLUSION

Staff will be available to answer any questions or concerns.

SOUTHEAST ALASKA POWER AGENCY

Director of Special Projects Report

November 6, 2014

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

The SCADA contract with Fiber Fusion is essentially complete and we have moved into maintenance of the system. We have a two-year maintenance period with Fiber Fusion which was part of the original contract and have retained payments over the course of the project to pay for this service. Fiber Fusion is available via phone for trouble response with a couple of future site trips also within our maintenance scope. We continue to experience Futaris-KPU and AP&T communication issues which we will resolve, but these take time. There are also some aspects of the Fiber Fusion system which exacerbate the stability of our communication system, and we look to correct these over time. Two brief examples:

1. Futaris conducts maintenance from time to time and to our way of thinking way too often. During some of this maintenance SCADA routers/modems which should be independent of both the Futaris mesh and the Futaris general internet route (Denver) are or have been knocked off the circuit to such a degree the SCADA servers stop communication with the routers; in turn SCADA data exchange to Tyeer is interrupted, Tyeer can no longer "see" Swan data. Communication interruptions originating from ISP actions are not the fault of the SCADA provider, but how the servers exchange data within Swan Lake can make restoration efforts more time consuming than need be. Communication interruptions can lead to after-hour call-outs at Tyeer which not only increases operating costs, but more importantly, creates a tiresome nuisance environment for plant operating staff.
2. Bandwidth use at Tyeer (APT ISP) has sky rocketed after SCADA and SEAPA office internet revisions. SEAPA's IT service contractor, TexRus, tracked internet use by site with the largest component being the automatic query of the USGS site. This is done to strip the Tyeer Lake level text value off the USGS site for use in the plant. Fiber Fusion could have developed another method, but under the contract SEAPA did not specify how Fiber Fusion designed and implemented this web application. Now, after the fact which is the only way to discover these issues, we can specify performance based on bandwidth consumption for the revision work.

We will continue to monitor phone and communication performance, with Sharon and Valerie carrying much of the load here organizing and tracking maintenance tickets. During December, Segrity personnel (who are under contract to provide SCADA-communication integration) and SEAPA staff will travel to Swan and Tyeer to review SCADA/communication issues. From that visit and from new information gained from the ongoing maintenance tickets, we expect to design alternatives to this multiple-sourced problem.



Swan and Tyeer Lake Unit Control Screens

Swan Lake Reservoir Expansion

Regulatory Process Review

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

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

License Amendment History and Status

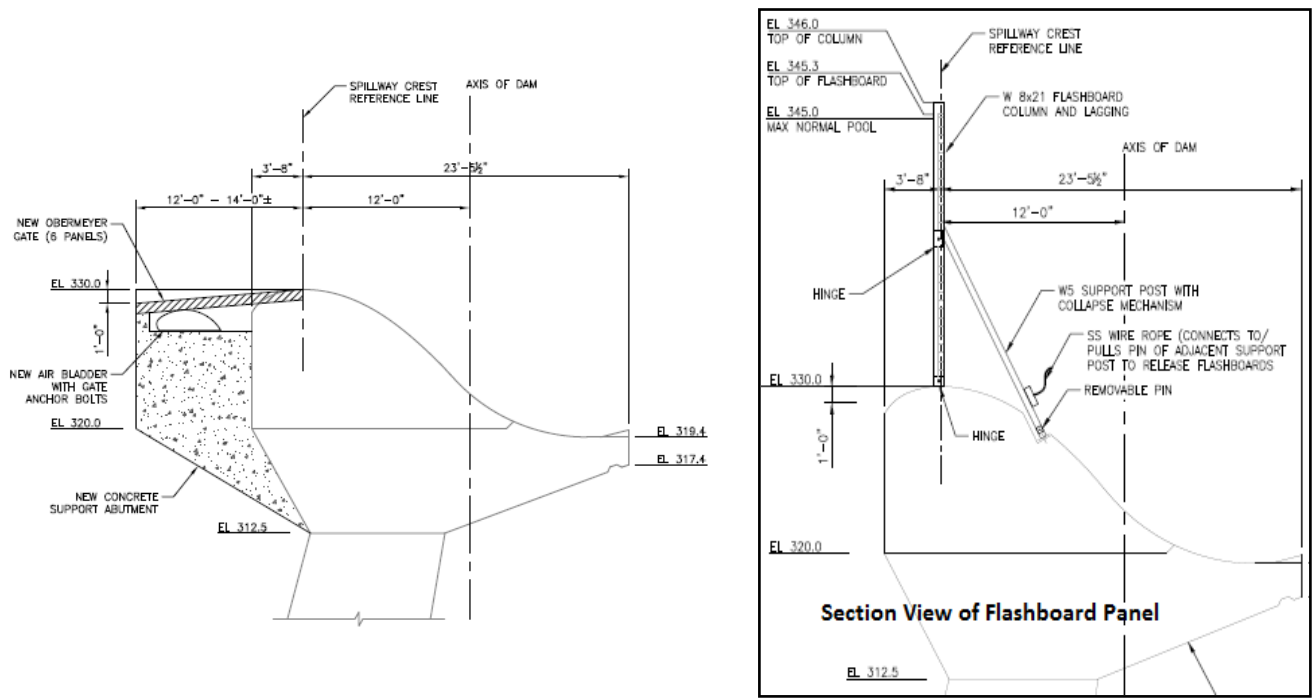
The Swan Lake Reservoir Expansion Project was proposed to the SEAPA Board of Directors during the 2011 December board meeting. By June 2012 we had a feasibility study completed, proposed a plan, and budgeted for license amendment work during this time period. Most environmental studies were fast tracked into the summer of 2012 using a shortened collaboration process agreed to by the Tongass National Forest (TNF) and the Alaska Dept. of Fish & Game (F&G). The laborious process of writing the study reports and back and forth consultation commenced during the fall of 2012 and culminated with the Initial Consultation Document (ICD) submittal in September of 2013. After report format procedural changes imposed by the TNF were incorporated into the document (a three-month delay), the ICD was accepted and the preliminary draft environmental impact statement and draft environmental impact statement flowed to/from FERC. From this process, we filed our license amendment on July 21, 2014. The final day for receiving motions to intervene as dictated by the FERC process and administered by DHAC was October 27, 2014 and on the 27th FERC received three motions to intervene from Cape Fox Corporation, the City of Saxman, and AP&T on the grounds the proposed Swan Lake project is not in the public interest. Of course the motions state the Mahoney Lake Project would better suit the public's best interest. TNF intervention terms were of the standard procedural nature with no project operating restrictions; Fish & Game chose not to intervene; overall, this is an outstanding positive response from the Agencies. We have until December 7, 2014 to respond to the points taken by the intervention motions. There is a possibility the three late hour motions could delay the license amendment. There is also the possibility that FERC, after reading our response will reject the three motions. We continue to plan and execute the project as if we will receive our license amendment by the earliest expected date of March 13, 2015. Our new design allows us to receive the license amendment as late as October 2015 and still complete construction by the beginning of the wet season of 2016.

Engineering Review Process

Swan Lake Dam Safety compliance is administered by the FERC Division of Dam Safety and Inspection. Our region is covered by the Portland Regional Office (PRO). Modifications to a dam are presented to both the PRO and a FERC *mandated* Board of Consultants (BOC). Modifications must acknowledge the historic dam safety and surveillance plan, previous Part 12 inspections¹, and previous collaborative probable failure mode analysis conclusions. All of this prior work, as well as the proposed modifications are reviewed by the BOC. During our first BOC meeting last February, after review of site geotechnical conditions, the BOC agreed to our design criteria and design process. This process included a linear finite element structural model and a hydraulic conveyance model. Our second BOC meeting occurred September 8th just after our last Board Meeting in

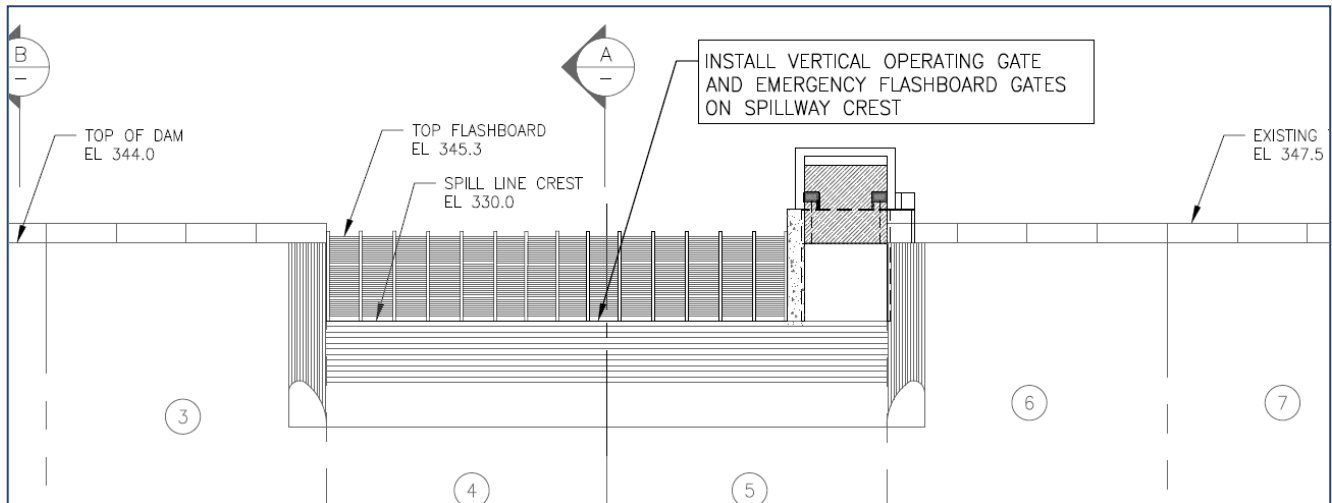
¹ PART 12—of 18 CFR- SAFETY OF WATER POWER PROJECTS AND PROJECT WORKS,
<http://www.ferc.gov/industries/hydropower/safety/guidelines.asp>

Ketchikan and model results were accepted by FERC and the BOC. At this meeting we gained BOC acceptance for the proposed spillway modification which now allows for an over-topping by 2 feet prior to release (Elevation 347 ft.). The BOC also stated that as long as there are two modes of triggering a flash board release, the proposed flash board alternative would be acceptable. Since there are very few flashboard designs of this size or complexity in the United States, the BOC required two model tests. While we expected one model test using the University of Idaho flume, this site would only accommodate two bays of flashboards at a ¼ scale; we did not expect two model requirements, a ¼ scale hydraulic, and a full scale mechanical. The BOC directive specifically stated a full scale model of the release mechanism, and a ¼ scale hydraulic model of at least 3 bays to demonstrate the cascading release mechanism. This directive meant we could no longer use the University of Idaho flume, and that a structural steel frame capable of withstanding 50,000 lbs. has to be constructed. We designed the model works, and are in the process of building these structures with model runs scheduled for the second week of December. Waiting for the November Board meeting to approve this work would have delayed model runs into February with the potential of delaying the issue of the construction RFP an additional two months. Thank you for allowing expeditious project management.



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

Above drawings and table: Original Feasibility Study Concept is shown on the left; our proposed flashboard concept recently approved pending successful model results is shown on the right.



Elevation view of upstream face of Swan Lake Dam; proposed fuse panel and vertical gate shown in the existing ogee spillway slot (keyway)

Design Team:

Jacob Associates, Portland, Oregon Office

Subcontractors:

Quest Structures

Northwest Hydraulic Consultants

BOC

Mr. Glenn Brewer

Mr. Kim De Rubertis

Mr. Eric Kollgaard

FERC PRO

Mr. Glenn Koester

Mr. Walt Davis

Schedule:

Finalize 30% design concept and design documents

December 2014

Draft Engineering, Procurement & Construction (EPC) RFP

January-February 2015

Maintain correspondence with FERC and hopefully receive licence amendment

May 2015

- Issue EPC RFP the week FERC gives notice to proceed
- RFP Process & Contractor Selection (3-4 months)
- Construction (8 months)
- Ready for Operation (December 2016)
- Logging / Post-construction

Tyee Lake Cooling Water (CW) Conversion

No changes have occurred on this project but we expect to complete work by the end of FY15

Last time we wrote:

Control design investigations took place the last week of August; we are working on the algorithm that will control the pumps and PRV (in case of pump failure). Some minor piping modifications will be required at the PRV location, and we are planning to coordinate with the SEAPA plant crew to make these changes.

Tyee Lake Turbine Shutoff (Spherical) Valve (TSV) –Control valve retrofit (FY15 Project)

During August this year, staff completed TSV investigations with the Tyee crew. An RFP for control modifications was issued in October; bids are due November 10. Staff will present the best proposal to the board for contract approval at the upcoming board meeting.

Demand Side Management Investigations in Conjunction with Load Forecasting

An RFP to provide services to conduct load forecasting and load studies was issued in October. We also asked that specific demand side management measures common to SE Alaska be reviewed in light of our seasonal load profile. Responses are due November 10. Staff will present the best proposal to the Board for contract approval at the upcoming board meeting.

Request for Offers of Power and Energy (RFO)

This topic will be discussed in executive session.

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

Brief History

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

- 1 Business Analysis Task (RFO)
- 2 Hydrosite Evaluation
- 3 Storage (Swan Lake) - a portion of the Swan Lake reservoir expansion project is covered by the grant (\$575,750 of the estimated \$13M) - discussed above

Hydro Site Analysis Accomplishments to Date:

- An in-depth review of Annette Island was completed. We are *still waiting* for Metlakatla Power & Light comments so we can finalize that document; comments should be received during the week of November 3
- A database that contains site definition documents that are compositions of history, geologic characteristic, delivery value, construction cost, environmental reviews, and hydrologic assessments is under construction.

- This June we completed preliminary civil engineering surveys of Spur Mountain, Eagle Lake, Sunrise Lake, Virginia Lake, Orchard Lake, Lake Shelokum, Connell Lake, Maude Lake, and Rowena Lake.
- June data was analyzed and we re-deployed a small team of survey and environmental technicians to Orchard Lake, Lake Shelokum, and Virginia Lake.
- A site evaluation of the Spokely's industrial complex and Connell Lake dam located in Ward Cove just northeast of Ketchikan was completed; staff will submit this report to the Spokely family during November.
- We are nearing completion of an engineering review on Sunrise Lake, and plan to issue a report to the City of Wrangell in November

Hydro Site Analysis - the next six months:

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

[Remainder of page intentionally left blank.]

Tyee Weir



Photographs of Tyee outlet from summer of 2014; water surface elevation approximately 1395 ft., leakage occurring at and under the right abutment.

The Tyee outlet has significant leakage around and under the new weir. During 2013 construction we chose to limit log removal and construction as a cost saving measure knowing we may have to return to address subsurface work. It is now apparent subsurface work should be undertaken to reduce abutment leakage. SEAPA staff wrote a small task order to McMillen LLC this past October to inspect and design summer 2015 modifications. We need to do this design work now so permitting can take place over this winter. We are hoping the weather will clear for a few days to allow an inspection before the reservoir drops below elevation 1390.

Water Management

Last meeting we reported:

"We're way fat for this time of year, expect continued spill at Swan and Tyee into October. We'll provide a more in-depth hydrology review at the Board meeting."

As of November 5th:

Well we certainly spilled through October - every day! At the time of this writing, spill was occurring at Swan Lake, Tyee Lake, KTN Lakes, and at Whitman. We are still fat meaning we have more hydro resources than load. Our municipal members are generating to beat the band. KPU may be setting generation records, and PMPL's Blind Slough has rarely been below 1.75 MW for several months. It is a part of the Long-Term Power Sales Agreement (PSA) that is often overlooked. In short, the PSA ensures best utilization of existing resources. High municipal generation also means lower SEAPA generation and this in turn means lower SEAPA revenue. A lot can change in SE Alaska over a couple of months. If low SEAPA generation persists through December we should probably conduct a new revenue forecast.

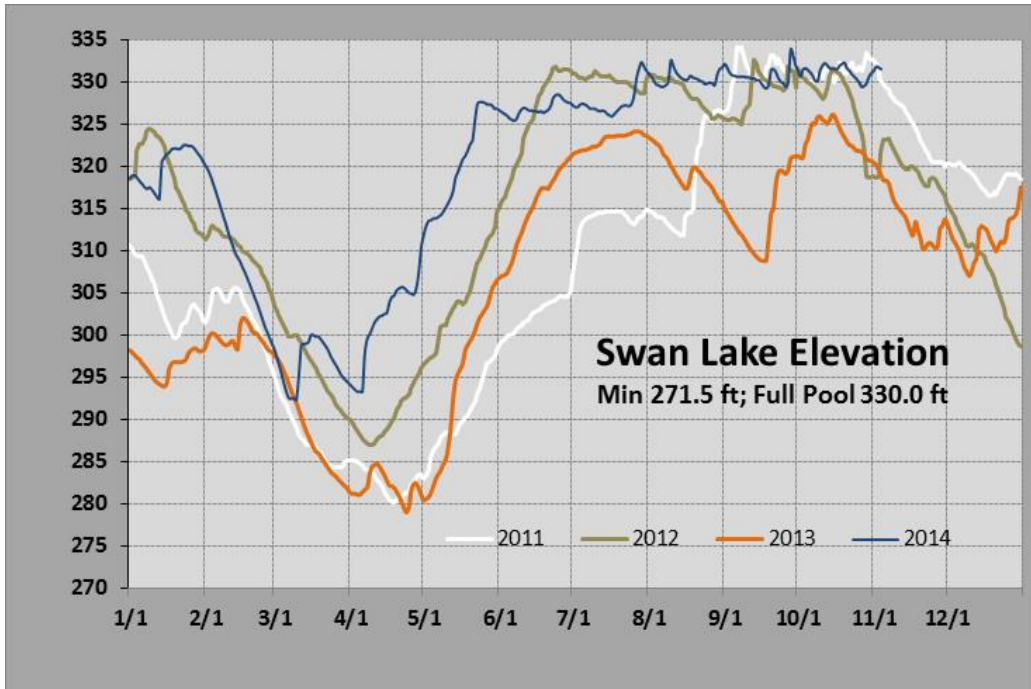
The next short-term effort (this December) regarding water management and efficient dispatch, will be to carry our full reservoirs as best we can into the winter. Our system has changed. KPU commissioned Whitman over the fall months and we are working with KPU during the weekly schedule call to use Whitman such that the most efficient use of Swan Lake is emphasized.

Typically the last Board meeting falls in December when staff presents the annual operation's plan. Given our storage conditions, and the fact we will have new Board members this January, we will defer discussion of the 2015 operations plan until the January 2015 board meeting. This timing will also coincide with reservoir draft rates better as we won't have another month of uncertainty in the front end of the draft schedule. Plots of Swan Lake and Tyee Lake water surface elevations are shown on the next page.

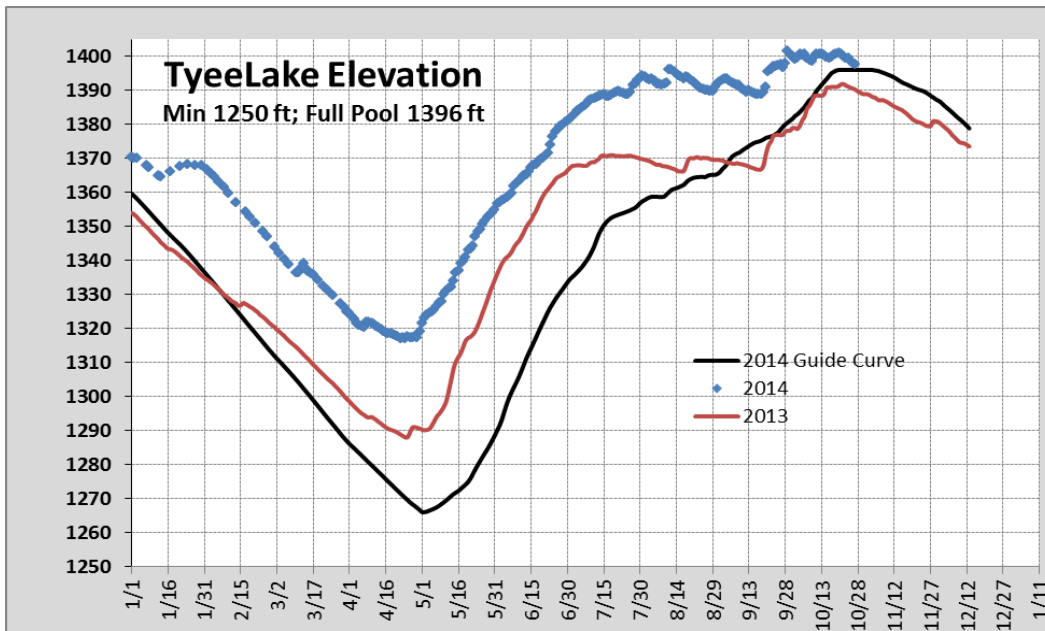
SV KW	2209	LAKE LEVELS	
SV KV	0	SV UPPER	1152.9
BF KW	1229	SV LOWER	825.6
G1 KV	126	KTN	347.1
BF KW	2522	FAWN	327.4
G3 KV	72	SWAN	331.4
BF KW	2528	WHITMAN	380.2
G4 KV	189	24 HR DELTA	
WP KW	0	SV UPPER	-0.20
G1 KV	0	SV LOWER	0.30
WP KW	0	KTN	-0.28
G2 KV	0	FAWN	1.10
KP KW	1245	SWAN	-0.10
G3 KV	104	WHITMAN	0.23
KP KW	1180	TEMPERATURE	
G4 KV	113	SV PH	37.1
KP KW	1153	FAWN	44.1
G5 KV	129	BF PH	42.9
SWG1 KW	8736	BA PH	44.6
	DROOP	WH PH	43.1
SWG1 KV	154	RAINFALL	
SWG2 KW	0		
	DROOP		
SWG2 KV	0		

Total KPU generation on November 5; 12.06 MW, Swan Lake 9.7 MW, spill occurring at Ketchikan Lakes, Swan Lake, Whitman, and Tyee (not shown).

[Remainder of page intentionally left blank.]



Swan Lake water surface elevations; spill starts at elevation 330 ft.; the blue trace is 2014 data.



Tye Lake water surface elevations. Leakage starts at elevation 1380; spill over the weir at approximately 1396 ft. The blue trace is 2014 data.

**MEMORANDUM
ATTORNEY-CLIENT COMMUNICATIONS**

TO: Bob Sivertsen, Chair
Southeast Alaska Power Agency

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

DATE: November 3, 2014

RE: Suggested Motion for Executive Session for November 13, 2014

To the extent that the Board of Directors seeks to discuss results of the Agency's Request for Offers of Power and Energy and further discuss project development strategy in Executive Session, I recommend the following motion be made:

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

SEAPA Project Update: Swan Lake November 2014

Safety/Environmental/Security

- Hill side boulder/slough-off issue, Engineers from BC did survey . . .
- Safety Training for Oct-Nov: LOTO and EAP
- Visitors for Oct/Nov include Joe May, and a crabber fisherman at dock.
- Nine (9) CO2 fire suppression bottles refilled & returned to KPU from Yukon Fire \$2,900 + freight of ~\$1,800
- 4 x 1-1/2", 3 x 2-1/2" fire hoses needed testing, completed all but two 2 x 2-1/2", limited with test procedure, still in dispute (attached).

Outages/Unit constraints/Reservoir Level

- Forced outages: Nov. 6th, 115 kV Substation tracking/corona from storm
- Planned station outages (coordinated with single unit operation)
 - Brush change-outs both units
- Reservoir level (spill @ 330'): 331.1 ft. and holding as of Nov 6th.
- Emergent work:
 - VHF Control Room radio repaired
 - Log boom North side tore loose Nov 6th,
 - Roof leak repair, found 3 slits, patched with improved results
 - generator cooler drip pans 2 of 8 installed

Maintenance (regular)

- Installed new annunciators for both units station service
- New snow plow installed on Ford Truck
- Replaced injector on track hoe, cylinder #4
- Replaced wood deck on flatbed truck and installed new cable and pulley for safety
- Road maintenance in progress
- One of two tanks painted (gas)

Compliance

- Dam deflection survey schedule with R-M for November 19.
- FERC Part 12d with Hatch consulting is in progress

Periodic Maintenance

- Replaced cooling water discharge temperature gauges on both Units
- Replaced excitation brushes, both units
- Replaced low oil shutdown switches on both diesel gen sets
- Installed a transfer switch on Utility Air system
- Pending – Installation of transfer switch for spare governor compressor
- Installed new electrically operated valve and timer for Cooling Water Strainer
- Upper guide bearing cooler removed and cleaned, both units
- SF6 Breaker gas testing, need results

New Projects

- Fencing ordered to enclose satellite dish and tailrace replacement
- Initiate a “conex” storage expansion
- Load of D1 gravel (open)
- Water tank remediation?
- Outfitting new boat
- Training attended
 - Ray – EPTC’s Power Plant Operations
 - Rob – Snell’s Infrared/thermography



Regulations (Standards - 29 CFR) - Table of Contents

- **Part Number:** 1910
- **Part Title:** Occupational Safety and Health Standards
- **Subpart:** L
- **Subpart Title:** Fire Protection
- **Standard Number:** 1910.158
- **Title:** Standpipe and hose systems.

1910.158(a)

Scope and application -

1910.158(a)(1)

Scope. This section applies to all small hose, Class II, and Class III standpipe systems installed to meet the requirements of a particular OSHA standard.

1910.158(a)(2)

Exception. This section does not apply to Class I standpipe systems.

1910.158(b)

Protection of standpipes. The employer shall assure that standpipes are located or otherwise protected against mechanical damage. Damaged standpipes shall be repaired promptly.

1910.158(c)

Equipment -

1910.158(c)(1)

Reels and cabinets. Where reels or cabinets are provided to contain fire hose, the employer shall assure that they are designed to facilitate prompt use of the hose valves, the hose, and other equipment at the time of a fire or other emergency. The employer shall assure that the reels and cabinets are conspicuously identified and used only for fire equipment.

..1910.158(c)(2)

1910.158(c)(2)

Hose outlets and connections.

1910.158(c)(2)(i)

The employer shall assure that hose outlets and connections are located high enough above the floor to avoid being obstructed and to be accessible to employees.

1910.158(c)(2)(ii)

The employer shall standardize screw threads or provide appropriate adapters throughout the system and assure that the hose connections are compatible with those used on the supporting fire equipment.

1910.158(c)(3)

Hose.

1910.158(c)(3)(i)

The employer shall assure that every 1 1/2 inch (3.8 cm) or smaller hose outlet used to meet this standard is equipped with hose connected and ready for use. In extremely cold climates where such installation may result in damaged equipment, the hose may be stored in another location provided it is readily available and can be connected when needed.

1910.158(c)(3)(ii)

Standpipe systems installed after January 1, 1981, for use by employees, shall be equipped with lined hose. Unlined hose may remain in use on existing systems. However, after the effective date of this standard, unlined hose which becomes unserviceable shall be replaced with lined hose.

..1910.158(c)(3)(iii)

1910.158(c)(3)(iii)

The employer shall provide hose of such length that friction loss resulting from water flowing through the hose will not decrease the pressure at the nozzle below 30 psi (210 kPa). The dynamic pressure at the nozzle shall be within the range of 30 psi (210 kPa) to 125 psi (860 kPa).

1910.158(c)(4)

Nozzles. The employer shall assure that standpipe hose is equipped with shut-off type nozzles.

1910.158(d)

Water supply. The minimum water supply for standpipe and hose systems, which are provided for the use of employees, shall be sufficient to provide 100 gallons per minute (6.3 l/s) for a period of at least thirty minutes.

1910.158(e)

Tests and maintenance -

1910.158(e)(1)

Acceptance tests.

1910.158(e)(1)(i)

The employer shall assure that the piping of Class II and Class III systems installed after January 1, 1981, including yard piping, is hydrostatically tested for a period of at least 2 hours at not less than 200 psi (1380 kPa), or at least 50 psi (340 kPa) in excess of normal pressure when such pressure is greater than 150 psi (1030 kPa).

..1910.158(e)(1)(ii)

1910.158(e)(1)(ii)

The employer shall assure that hose on all standpipe systems installed after January 1, 1981, is hydrostatically tested with couplings in place, at a pressure of not less than 200 psi (1380 kPa), before it is placed in service. This pressure shall be maintained for at least 15 seconds and not more than one minute during which time the hose shall not leak nor shall any jacket thread break during the test.

1910.158(e)(2)

Maintenance.

1910.158(e)(2)(i)

The employer shall assure that water supply tanks are kept filled to the proper level except during repairs. When pressure tanks are used, the employer shall assure that proper pressure is maintained at all times except during repairs.

1910.158(e)(2)(ii)

The employer shall assure that valves in the main piping connections to the automatic sources of water supply are kept fully open at all times except during repair.

1910.158(e)(2)(iii)

The employer shall assure that hose systems are inspected at least annually and after each use to assure that all of the equipment and hose are in place, available for use, and in serviceable condition.

1910.158(e)(2)(iv)

When the system or any portion thereof is found not to be serviceable, the employer shall remove it from service immediately and replace it with equivalent protection such as extinguishers and fire watches.

..1910.158(e)(2)(v)

1910.158(e)(2)(v)

The employer shall assure that hemp or linen hose on existing systems is unracked, physically inspected for deterioration, and reroaked using a different fold pattern at least annually. The employer shall assure that defective hose is replaced in accordance with paragraph (c)(3)(ii).

1910.158(e)(2)(vi)

The employer shall designate trained persons to conduct all inspections required under this section.

[45 FR 60710, Sept. 12, 1980; 61 FR 9227, March 7, 1996]



1900 First Avenue, Suite 318, Ketchikan, Alaska 99901-6059
Tel: (907) 228-2281 • Fax: (907) 225-2287
www.seapahydro.org

TYEE LAKE HYDROELECTRIC FACILITY PROJECT UPDATE

Submitted by Steve Beers, Foreman | November 3, 2014

1) SAFETY

Staff scheduled CPR and first aid refresher training for Brent Mill, Randy Rasler and Steve Henson for November 5, 2014. This training occurs on a two-year cycle.

The crew received new hard hats and fire retardant t-shirts from SEAPA administration.

2) BUDGET

a) R&R approved projects' status:

i. Gate Control Relocation: During the submersible inspection of the trash rack and watergate, the crew worked on trouble shooting the electrical and hydraulic systems; we found the limit switches were not working due to age and have ordered replacements. Once the replacements arrive, installation will have to wait until we have an opportunity to fly back up there again. The good news is that in the meantime, we are able to lower and raise the gate if needed.

ii. Cooling Water Piping: Awaiting control design so we can wrap up the project.

3) TRAINING

Mark Looman, right-of-way clearing Foreman, has been working at Tyee learning the basics of operating the machinery while his division gets reorganized.

With the recent low loads, we have only been running one machine, which has given us the opportunity to do training starts and stops with the Tyee units. This helps keep everyone's skills fresh.

4) MISCELLANEOUS

In preparation for winter, the crew pulled out the small boat floats, painted up all the snow plow blades, and chained up the equipment.

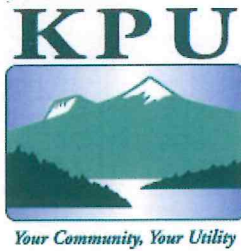
The facility's house painting project was halted due to weather.

Southeast Alaska Power Agency

DATE: November 5, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
RE: KPU Request for Reimbursement of Diesel Generation Fuel Cost

At the September 3, 2014 meeting of the Board of Directors, staff was directed to include the attached request for diesel reimbursement in the board packet for the upcoming November board meeting for further consideration by the board.

Attachment:
2014 0903 Memo from KPU to SEAPA Requesting
Reimbursement for Diesel Generation Fuel Cost



Electric Division
1065 Fair Street
Ketchikan, AK 99901

Phone: (907) 225-5505
Fax: (907) 247-0755

TRANSMITTAL MEMORANDUM

TO: Trey Acteson, SEAPA CEO
FROM: Andy Donato, KPU Electric Division Manager
DATE: September 3, 2014
SUBJECT: Request for reimbursement of diesel generation fuel cost

Dear Trey,

First, let me thank you for the opportunity of bringing this issue before the Board. In summary, attached is a spreadsheet outlining several diesel runs for which KPU would like reimbursement of fuel costs.

The first date, June 19, was in response to a SEAPA contractor tripping Swan Unit #2 while testing and implementing alarm issues for that unit while running. KPU sees this as a “human factors” event. The expense is limited to the cost of diesel fuel to run KPU’s BAG#4 as required to restore the system.

The second date, July 8, was set up in support of SEAPA work to be done at Swan Lake for Unit #1 bus restoration within the power house combined with SEAPA transformer work in the Bailey yard. The work could not proceed as coordinated through the SEAPA Operator and had to be aborted. The expense is limited to the cost of diesel fuel through KPU’s BAG#1, #2, and #4, for the period until SEAPA Generation was restored. This too KPU sees as a “human factors” event.

The third date, July 9, was the date of the work described above, at the request of SEAPA.

The fourth date, July 11, was minimal diesel support for the “conclusion of SWL testing as isolated from the system”, as described in SEAPA’s CL-14-14 Removal order for July 11th.

Attachment: Spreadsheet - SEAPA fuel burn, Copy of SEAPA’s CL-14-14 Removal order.

SEAPA Required Diesel Fuel Burn

KPU Generator Cause	Date	BAG 1	BAG 2	BAG 3	BAG 4	Total
		Units in US gallons				
SEAPA Contrator	19-Jun				544	\$2,083.52
SEAPA Requested for	8-Jul	370	245	0	1240	\$7,104.65
Bus maintenance and	9-Jul	1097	1052	827	4542	\$28,793.94
Transformer repairs	11-Jul	52			1936	\$7,614.04
		1,519	1,297	827	7,718	11,361
Value at	\$3.83 per Gallon					\$43,512.63

Placement:

NO. CL-14-14

DATE:7-11-14

<input checked="" type="checkbox"/> CLEARANCE <input type="checkbox"/> SPECIAL CONDITION <input type="checkbox"/> HOT LINE ORDER <input type="checkbox"/> GENERAL SWITCHING	<u>STATIONS:</u>
<u>EQUIPMENT TO BE TAKEN OUT OF SERVICE:</u> Swan Lake Powerhouse	<u>WORK TO BE PERFORMED:</u> Isolate SWL Powerplant, reconnect S1 Bus, testing, return SWL U1 to service
<u>LIMITS REQUESTED:</u>	
<u>TIME FRAME REQUESTED / REQUIRED:</u> 11:00 am July 11, 2014	
<u>NOTIFICATION TO OTHERS/TIME AND DATE:</u> KPU Bailey & Tyee Lake & Swan Lake	<u>REQUESTED BY:</u> Steve Henson
<u>COMMENTS / INSTRUCTIONS:</u> Isolate Swan Lake Transformer	

Step	Action By	Station	Detailed Switching and Equipment	Time	Tag No.	Performed By
1	SWL Operator	Swan Lake	Remove tag, close & Lock close SB-89		SL-1	
2	SWL Operator	Swan Lake	Remove tag, close and operate 87 TCO to off		SL-2	
3	SWL Operator	Swan Lake	Change control switch from SCADA to manual			
4	Swan Operator	Swan Lake	Start Unit 1 for Station service			
5	Swan Operator	Swan Lake	Increase SWL Unit 1 to 3 MW			
6	Bailey Dispatcher	Bailey	Reduce Diesel Generation to zero			
7	Swan Operator	Swan Lake	Change control switch from manual to SCADA			
8	Tyee Operator	Tyee Lake	Ramp up SWL U1 to load table value			
9	Tyee Operator	Tyee Lake	Switch STC control mode from manual to schedule			
10						
11						
12						
13						
14						
15						
16						
17						
18						

Prepared By:	Checked By:	Checked By:
--------------	-------------	-------------

Number	Issued To:	Issued By:	Time	Date	Released By:	Released To:	Time:	Date:

Placement:

NO.

DATE:

Step	Action By	Station	Detailed Switching and Equipment	Time	Tag No.	Performed By
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						

Prepared By:	Checked By:	Checked By:
--------------	-------------	-------------

Southeast Alaska Power Agency

DATE: November 3, 2014

TO: SEAPA Board of Directors

FROM: Trey Acteson, CEO

RE: Resolution No. 2015-056 Re: Application for USFS Special Use Permit for Portion of Proposed Power Line Located on National Forest System Lands and Entry into Cost Recovery Agreement for Kake-Petersburg Intertie Project

In 2010, Southeast Conference applied for a special use permit from the U.S. Forest Service for the portion of a proposed power line that would be located on National Forest System (NFS) lands for the Kake-Petersburg Intertie (KPI) project. The special use permit application was accepted by the Forest Service, and in 2012 a cost recovery agreement was executed between the Forest Service and Southeast Conference.

In July 2012, SEAPA entered into a Memorandum of Understanding (MOU) with the Inside Passage Electric Cooperative (IPEC) and the Alaska Energy Authority (AEA) to assume the ownership role of the KPI project (copy attached). One of the terms and conditions of the MOU was that as owner, SEAPA's existing ratepayers and member utilities must not be negatively impacted by SEAPA's ownership role in the project. Accordingly, two State grants were re-assigned to SEAPA as the new project owner - a Kwaan Electric Transmission Intertie Cooperative (KWETICO) grant for \$2.9 million and an AEA grant for \$2 million. Funds are being expended from the KWETICO grant first before the AEA grant will be utilized. Staff's report on the grant balances is provided in the financial section of the board packet. All costs borne by the project will be reimbursed from these two grants.

The cost recovery agreement includes the responsibilities of both parties as to the processing of the application, and the estimated fee to process it. The current agreement expires on December 31, 2014; however, the application process/required environmental analysis for the proposal will not be completed by that date. Since SEAPA is the owner of the KPI Project, it must now submit a special use permit application and enter into a cost recovery agreement with the Forest Service to facilitate the continuation of the KPI project review process.

One of the requirements of the permit application is a resolution authorizing the filing of the special use permit application with the Forest Service. We have drafted the attached Resolution No. 2015-056 for your consideration authorizing the signing/filing of the application, and for authorization to enter into the cost recovery agreement with the Forest Service.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to adopt Resolution No. 2015-056 authorizing SEAPA's Chief Executive Officer to sign and file an Application for Transportation and Utility Systems and Facilities on Federal Lands for a Special Use Permit with the U.S. Forest Service for the portion of a proposed power line that would be located on National Forest System lands for the Kake-Petersburg Intertie Project and further authorizing the Chief Executive Officer to enter into a cost recovery agreement with the USDA, Forest Service, Tongass National Forest, to facilitate the continuation of the Kake-Petersburg Intertie Project review process.

Attachments:

Resolution No. 2015-056
Memorandum of Understanding (MOU)

Memo Re Resolution 2015-056 | 1

RESOLUTION NO. 2015-056

RESOLUTION 2015-056**
THE SOUTHEAST ALASKA POWER AGENCY

**Resolution Approving Signing and Filing of an Application for
a Special Use Permit for the Portion of Proposed Power Line
Located on National Forest System Lands and Authorizing
Staff to Enter into a Cost Recovery Agreement for the Kake-
Petersburg Intertie Project**

WHEREAS, the Southeast Alaska Power Agency (SEAPA) is a Joint Action Agency organized pursuant to State Statute and owns the Tyee Lake and Swan Lake Hydroelectric Projects, along with approximately 175 miles of transmission lines connecting Ketchikan, Wrangell, and Petersburg; and,

WHEREAS, the Inside Passage Electric Cooperative (IPEC) is a non-profit electric cooperative corporation providing electric service to communities in Southeast Alaska, including Kake, Alaska. IPEC currently generates all of the Kake power requirements using diesel generation, which results in pre-PCE rates of about 65 cents/kWh; and,

WHEREAS, the Alaska Energy Authority (AEA) was created in 1976 by the Alaska Legislature. The Authority is a public corporation of the state with a separate and independent legal existence. AEA's mission is to "reduce the cost of energy in Alaska"; and,

WHEREAS, the Kake-Petersburg Intertie Project (KPI Project) is an approximately 50-mile project and would extend from the Petersburg, Alaska substation to a substation in Kake, Alaska; and,

WHEREAS, the KPI was designated as a "committed project" in the State-sponsored and funded Southeast Integrated Resource Plan (SEIRP); and,

WHEREAS, in 2010, the Southeast Conference (SEC) initiated an application for a Special Use Permit and related National Environmental Policy Act (NEPA) process with the U.S. Forest Service (USFS) for the portion of a proposed power line that would be located on National Forest System lands for the KPI Project until ownership of the project was established; and,

WHEREAS, the SEC's Special Use Permit application was accepted by the USFS and in 2012, a cost recovery agreement was executed between the USFS and the SEC. The cost recovery agreement includes the responsibilities of both parties as to the processing of the application, and the estimated fee to process it. The agreement expires on December 31, 2014. The application process/required environmental analysis for the proposed power line will not be completed by that date; and,

WHEREAS, SEAPA entered into a Memorandum of Understanding with IPEC and the AEA in July 2012, to assume the ownership role of the KPI Project to connect the isolated electric system currently serving the city of Kake, Alaska, with SEAPA's interconnected electric network, in or near Petersburg, Alaska; and,

WHEREAS, State grants were re-assigned to SEAPA as the new project owner; and,

WHEREAS, as owner of the KPI Project, SEAPA must submit an application for a Special Use Permit and enter into a cost recovery agreement with the USFS to facilitate the continuation of the KPI Project review process.

NOW, THEREFORE, BE IT:

RESOLVED, that the Southeast Alaska Power Agency Board of Directors authorizes its Chief Executive Officer, Trey Acteson, to sign and file an Application for Transportation and Utility Systems and Facilities for a Special Use Permit with the U.S. Forest Service for the portion of a proposed power line that would be located on National Forest System lands for the Kake-Petersburg Intertie Project; and,

BE IT FURTHER RESOLVED, that the Southeast Alaska Power Agency Board of Directors authorizes its Chief Executive Officer, Trey Acteson, to enter into a cost recovery agreement on behalf of the Agency with the USDA, Forest Service, Tongass National Forest, to facilitate the continuation of the Kake-Petersburg Intertie Project review process.

Approved and signed this ____ day of November 2014.

SOUTHEAST ALASKA POWER AGENCY

By _____
Bob Sivertsen, Chairman of the Board

ATTEST:

Andy Donato, Secretary/Treasurer

**MEMORANDUM OF
UNDERSTANDING
(MOU)**

MEMORANDUM OF UNDERSTANDING

**Development of:
Kake – Petersburg Intertie and Hydro Resources to Supply Kake and
Other Utilities within the SEAPA Interconnected Network**

This Memorandum of Understanding (MOU) is entered into by and between **The Southeast Alaska Power Agency (SEAPA)**, of 1900 First Avenue, Suite 318, Ketchikan, Alaska 99901, **Inside Passage Electric Cooperative (IPEC)**, of Post Office Box 210149, Auke Bay, Alaska 99821, and the **Alaska Energy Authority (AEA)**, of 813 West Northern Lights Boulevard, Anchorage, Alaska 99503. The entities referred to herein may be individually referred to as 'party' or collectively as 'parties' to this MOU.

Recitals

- A. SEAPA is a Joint Action Agency (JAA) of the State of Alaska, and owns the Tyee Lake and Swan Lake Hydroelectric Projects, along with approximately 175 miles of transmission lines connecting Ketchikan, Wrangell, and Petersburg. The current hydro supply from the SEAPA, Ketchikan, and Petersburg projects is almost fully subscribed to and new hydro projects will be required in the short and long term.
- B. IPEC is a non-profit electric cooperative corporation providing electric service to communities in Southeast Alaska, including Kake, Alaska. IPEC currently generates all of the Kake power requirements using diesel generation, which results in pre-PCE rates of about 65 cents/kWh.
- C. The Alaska Energy Authority (AEA) was created in 1976 by the Alaska Legislature. The Authority is a public corporation of the state with a separate and independent legal existence. AEA's mission is to "reduce the cost of energy in Alaska".
- D. The Kake – Petersburg Intertie Project (KPI) is an approximately 50-mile project and would extend from the Petersburg Substation to a substation in Kake.
- E. A State-sponsored and funded Integrated Resource Planning (IRP) effort is currently under way for Southeast Alaska, including the SEAPA region and Kake.
- F. The KPI has received some funding to undertake environmental, economic, and design efforts, and these efforts are currently under way.
- G. The IRP Advisory Working Group voted unanimously to include the KPI as a "Committed Project" and the IRP will assume this project will be constructed.
- H. A transmission line route has neither been selected, nor has an Owner for the KPI been identified.
- I. Several additional studies and analyses need to be completed and funding for the project will have to be secured for the KPI.

- J. IPEC, SEAPA, and AEA all support the successful completion of the KPI so that the ratepayers in Kake can access existing and new hydroelectric resources within the SEAPA interconnected system.
- K. This MOU provides a framework for the Parties to collaborate in the evaluation and development of the KPI and does not impose a legally binding obligation on any party.

NOW, THEREFORE, the Parties understand and agree as follows:

TERMS AND CONDITIONS

Principal Project and MOU Assumptions

1. This MOU must be approved by SEAPA, IPEC and AEA.
2. If SEAPA assumes a role in the development of the KPI, including that as 'owner', its existing ratepayers and member utilities must not be negatively impacted.
3. Existing hydroelectric generation resources are limited in the SEAPA interconnected system. It is recognized that additional resources are needed to serve the Kake and SEAPA system loads. The development of the KPI and the development of additional hydro resources must proceed on parallel paths.
4. KPI annual O&M costs, including Risk, Renewal and Replacement components, will be borne by IPEC through rates charged for the delivery of power to Kake ratepayers.
5. The rates for power delivered over the KPI must provide long-term benefits to the Kake ratepayers.

Project Development and Responsibilities

It is agreed by all parties that the KPI is in the initial development stages. Significant detailed work and analyses need to be completed before project viability can be determined and construction can commence. The parties agree to work collaboratively and in cooperation with each other during this project development stage.

Project Ownership and Route Selection

1. It is agreed by all parties that an owner for the KPI project must be identified as the owner is ultimately responsible for successful project development. SEAPA agrees to assume the ownership role providing that this MOU is agreed to by the parties.
2. It is recognized by all parties that there are at least two potential routes for the KPI. It is acknowledged by all parties that a 'preferred route' must be identified and the owner of the project is the appropriate responsible party to make this decision. However, it is agreed that the 'preferred route' determination will be made in cooperation with IPEC and AEA.
3. It is further agreed by all parties that the 'preferred route' should be the route that has attributes that provide for the lowest life cycle O&M costs, which will be ultimately borne by IPEC and the rates charged for power delivered over the KPI. However, it is recognized that the final route selected will be determined as a part of the Environmental Impact Statement and Record of Decision. It is further agreed that, if the final route

selected does not provide for the favorable economic delivery of power to IPEC, the project can be terminated. It is recognized by all parties that year-round road access to maintain the KPI will result in the probable lowest life cycle O&M costs.

Project Funding

1. It is agreed by all parties that the KPI is a regional transmission infrastructure project and is primarily intended to displace diesel generation in Kake with hydroelectric power. It is recognized that the load in Kake is small and the KPI project may not be able to assume a debt component without making the project uneconomic for the IPEC ratepayers. IPEC and SEAPA agree that additional grant funds must first be obtained before the project may proceed to construction. This funding will include all aspects of the project, including studies and the analyses necessary for permitting, design, project management, construction, and other direct project expenses.
2. State funds have been appropriated and awarded to Southeast Conference and Kwann Electric Intertie Cooperative, Inc. (KWETICO) for initial KPI project studies and analyses. The parties agree that, upon agreement and ratification of this MOU, the parties will work together to transfer the ongoing project studies and analyses efforts to SEAPA.
3. All parties agree that full funding, including contingency, must be in hand before any construction activity begins.

New Hydro Generation

1. It is recognized that existing hydroelectric resources within the SEAPA interconnected system are limited and new hydro generation must be added in the near future. The parties all agree and recognize the KPI is intended to displace existing diesel generation in Kake with hydro resources, and further agree and recognize that proceeding and/or constructing the KPI without identifying and adding new hydro to the interconnected system would be risky and unwise.
2. AEA agrees to support SEAPA and IPEC in developing a competitive process to identify the needed new hydroelectric generation.
3. The parties agree that the concept of allocating a portion of a new hydro generation project for delivery to Kake over the KPI should be considered and explored. The parties also agree that one of the key considerations in determining the allocation will be the amount and level of State funding participation in the new hydro generation project.

Risk

1. It is recognized and acknowledged by all parties that the KPI project has significant risk. This risk includes permitting, construction, operating, reliability, and sustainability risk. (All parties need to discuss and qualify/quantify these risks. They are significant and need to be fully understood.)
2. The parties agree that an acceptable risk management plan needs to be developed with appropriate risk-sharing and mitigation.

Power Sales Agreement/O&M Agreement

1. The parties agree that a Power Sales Agreement (PSA) must be negotiated between the IPEC and SEAPA (or another power provider) for the purchase and delivery of power to IPEC. This process must proceed in parallel with KPI development. All parties agree that a successfully negotiated PSA between a buyer and seller is essential before construction on the KPI commences.
2. The parties agree that if a PSA is negotiated with SEAPA, due consideration must be given to assure that any PSA provisions do not jeopardize SEAPA's current tax exempt financing nor future tax exempt financing abilities.
3. The parties agree that an Operations & Maintenance, or similar agreements, need to be negotiated between appropriate parties for performing operating and maintenance activities on the KPI. These will include SEAPA, as the owner, and may include IPEC or other entities.
4. As IPEC ratepayers will be paying for O&M expenses on the KPI, IPEC and SEAPA agree to explore options for the establishment of a joint budgeting and operating committee for the KPI.

Rates

1. The parties agree that in an effort to provide transparency to all concerned parties including Kake ratepayers, IPEC will provide its ratepayers with projected rates at an appropriate time before KPI construction commences. It is anticipated that rate determination will not occur until route selection, design, and economic analyses have been completed.

Metlakatla

1. It is agreed by all parties that it may be beneficial to include Metlakatla as part of this agreement. It is further agreed that the KPI is a stand-alone project and its success or failure should not be tied to the success or failure of the Metlakatla-Ketchikan Intertie.

Near Term Project Development/Activities

1. It is agreed by all parties that a project management office needs to be established. The project management office will be established under the auspices and direction of SEAPA as owner.
2. It is agreed by all parties that initial activities will include the development of a comprehensive project schedule including all expected and required activities to include engineering, permitting, geotechnical, legal, design, funding requirements, and other related tasks.
3. The parties agree to develop a project management agreement to transfer directional responsibilities to SEAPA from existing State grant recipients (SEC and KWETICO or other). AEA will continue to manage the existing State grants under this project management agreement. The agreement will specify the process under which SEAPA **will be reimbursed** and include reporting and other requirements.

Miscellaneous Provisions

Modifications. Modifications within the scope of this MOU shall be made by mutual consent of the parties, by the issuance of a written modification, signed and dated by all parties, prior to any changes being performed.

Commencement Date/Expiration. This MOU is executed as of the date of the last signature and is effective though June 30th, 2017, at which time it will expire.

Electronic Signatures. In the interest of efficiency, this MOU will be distributed electronically for signature. Signatory officials should initially respond with their electronic signature to the email address listed below, followed by mailing their original hard copy signature to:

Dave Carlson, CEO
The Southeast Alaska Power Agency
1900 First Avenue, Suite 318
Ketchikan, Alaska 99901
Email: dcarlson@seapahydro.org


Jodi M. Mitchell, CMA
Chief Executive Officer and General Manager
Inside Passage Electric Cooperative
Post Office Box 210149
Auke Bay, Alaska 99821
Email: jmitchell@alaska.com

Sara Fisher-Goad, Executive Director
Alaska Energy Authority
813 West Northern Lights Boulevard
Anchorage, Alaska 99503
Email: SFisherGoad@aidea.org

Once fully executed, an electronic copy of this MOU will be distributed to all signatory officials.

In witness whereof, the parties have executed this MOU as of the last date written below:

THE SOUTHEAST ALASKA POWER AGENCY

By 
Dave Carlson, CEO


Date 7/5/2012

INSIDE PASSAGE ELECTRIC COOPERATIVE

By 
Jodi M. Mitchell, CEO and General Manager

Date: July 3, 2012

ALASKA ENERGY AUTHORITY

By 
Sara Fisher-Goad, Executive Director

Date: 7/6/12

Southeast Alaska Power Agency

DATE: November 3, 2014
TO: Trey Acteson
FROM: Eric Wolfe, Director of Special Projects
RE **Turbine Spherical Valve Controls Refurbishment at Tyee Lake Facility**

Staff issued a Request for Proposals for the engineering review, design, installation oversight, commissioning, and project documentation for the refurbishment of turbine spherical valve (TSV) controls at SEAPA's Tyee Lake facility. Proposals are due November 10, 2014. Because the board packet will be distributed prior to bid opening, staff will present the results and a recommendation for award at the board meeting. The board approved \$575,240 in the FY15 budget for the project. A copy of the R&R Project sheet is attached.

I have prepared the following suggested form of motion in the event the board elects to award the contract at the upcoming meeting:

SUGGESTED MOTION
<p>I move to authorize staff to enter into a contract with _____ for the not-to-exceed value of \$_____ for the engineering review, design, installation oversight, commissioning, and project documentation for the refurbishment of turbine spherical valve (TSV) controls for SEAPA's Tyee Lake Hydroelectric Facility.</p>

Attachment:
R&R 259-15 Project Sheet



FY2015
R&R PROJECT

R&R 259-15

TURBINE SHUT-OFF VALVES

Project	TURBINE SHUT-OFF VALVES TYL		
Description	Brief description.		
Cost Estimate:	\$558,500	Start Date:	July 1, 2014
Actual Cost:		Completion Date:	July 1, 2016
Project Management: Steve Henson/Eric Wolfe			
Project Discussion			
<p>This project is the oil alternative for replacing the existing water-based TSV control valve system. While this system is more expensive, it will not corrode or become biologically clogged, which is a recurring problem now. If the unit is not shut down and the valves cycled frequently, it fails to close. The oil-based system will be simpler.</p>			

Project Cost Estimate						
DESCRIPTION	Hrs./U	Rate	Cost Est.	BUDGET REQUEST		SPENT
				FY15 Request	\$575,240	
Tyee TSV Control Refurbishment						
Mechanical Engineering Design						
Field Trip	24	150	\$3,600			
Research & Design	40	165	\$6,600			
Specifications	20	165	\$3,300			
Drawings	60	110	\$6,600			
Materials (2 Units)	2	65,000	\$130,000			
Fabrication (2 units)	2	107,250	\$214,500			
Installation (2 Units)	80	155	\$12,400			
Testing & Adjustments	80	165	\$13,200			
O&M Manual	40	110	\$4,400			
Integration to Unit Control	80	150	\$12,000			
Subtotal			\$406,600			
Overheads (5%)			\$20,330			
Contingency (35%)			\$142,310			
Com. & Travel (Tyee)			\$6,000			
Project Total			\$575,240			

Project Cost Discussion
<p>The added cost over the water system includes piping, accumulator tanks and control that are different than the existing system. One unit will be refurbished per year during the annual shut-down.</p>

Southeast Alaska Power Agency

DATE: November 3, 2014
TO: Trey Acteson
FROM: Eric Wolfe, Director of Special Projects
RE **System Load Forecasting and Demand Side Management Evaluations**

Staff issued a Request for Proposals for consulting services for system load forecasting and evaluations of demand side management measures. Proposals are due November 10, 2014. Because the board packet will be distributed prior to bid opening, staff will present additional information on the project, bid results, and a recommendation for award at the board meeting. The board approved \$125,000 in the FY15 budget for the project.

I have prepared the following suggested form of motion in the event the board elects to award the contract at the upcoming meeting:

SUGGESTED MOTION
I move to authorize staff to enter into a contract with _____ for SEAPA's System Load Forecasting and Demand Side Management Evaluations Project for the not-to-exceed value of \$_____.

Southeast Alaska Power Agency

DATE: November 3, 2014

TO: Trey Acteson, CEO

FROM: Eric Wolfe, Director of Special Projects

RE: Sole Sourcing Contracts to Morris Kepler Consulting, LLC
(1) Swan Lake Cooling Water Piping Modifications Project
(2) Swan Lake Turbine Guide Bearings Heat Exchanger Procurement, Installation and Testing Project

Staff requests consideration and approval for the sole sourcing of two task orders to Morris Kepler Consulting, LLC to complete the cooling water and bearing cooling modifications on the Swan Lake Units. Both task orders are related to cooling the machine, but are separate, in that some of the work is on the turbine and some on the generator. Mr. Kepler is uniquely qualified to perform the work as he is already intimately familiar with both systems.

Over the last few years Mr. Kepler has invested significant personal time above his awarded contract duties in training the Swan Lake crew on everything from crane operation to draft tube inspection. This training effort has garnered respect from the Swan crew and SEAPA staff for his ability to work across organizational gaps while at the same time providing services that have greatly improved unit performance and reliability. Mr. Kepler likes the work environment at both Tyee and Swan Lake and unlike most contractors when he arrives, instead of his first thought being “When do I leave?”, he walks to the powerhouse and talks with the crew until he knows everyone is comfortable with the work and the schedule. He stays on site until everything his project may have disrupted has been returned to a ready state. This type of consulting is rare; it’s even rarer that the services are provided at a rate (\$115/hr) less expensive than the next available provider which does not come with 45 years of hydro experience.

For these specific task orders, the oversight and installation work follows on the turbine guide bearing replacement and the generator enhancement work that Mr. Kepler managed for SEAPA; it is prudent to award this work to Morris Kepler Consulting as it is the highest-quality, lowest-cost alternative for SEAPA, and he is familiar with the work and equipment. Mr. Kepler’s resume reflecting 45 years of hydro experience is attached. Funding is available for the two projects from the FY 15 electric expense and hydropower station maintenance accounts.

The following is a summary of the Task Orders staff is recommending for award:

Task Order #	Project	Not-to-Exceed Value	Source of Funding
15082	Swan Lake Cooling Water Piping Modifications	\$28,200	FY15 Budget: 538150 – Electric Expense SWL SEAPA (critical unforeseen electrical events)
15083	Swan Lake Turbine Guide Bearings Heat Exchanger Procurement, Installation, and Testing	\$26,700	FY15 Budget: 541150 – Maintenance SWL SEAPA (engineering, testing and reliability)

Southeast Alaska Power Agency

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into contracts with Morris Kepler Consulting, LLC for the Swan Lake Cooling Water Piping Modifications Project for the not-to-exceed value of \$28,200 and the Swan Lake Turbine Guide Bearings Heat Exchanger, Procurement, Installation, and Testing Project for the not-to-exceed value of \$26,700.

Attachment:
Resume

Morris Kepler Consulting LLC

Morris Kepler is the principal and sole owner of Kepler Consulting LLC, a consulting business specializing in hydroelectric infrastructure evaluation and repair. Mr. Kepler has 45 years of hydropower experience starting with tunnel and dam surveying for Morrison and Knudsen Construction Company from 1966 to 1972. Mr. Kepler then transitioned to operations and maintenance for Idaho Power Company for 33 years. This experience included leading Idaho Powers Hydro Services Group which provided major maintenance services to electrical utilities throughout the United States. Following his career at Idaho Power Mr. Kepler started a consulting business specializing in hydro plant maintenance in 2008. Mr. Kepler's personal project history is listed below.

<i>Four Dam Pool Power Agency and Southeast Alaska Power Agency</i>	2008 to 2013
<ul style="list-style-type: none">• Tye Lake Rewind, brake rotor repair• Tye Lake Cooling Water Refurbishment• Swan Lake Coil Specification and Acquisition• Swan Lake Annual Maintenance- Trained KPU Operators in general hydro unit annual maintenance tasks, and emphasized training and over-sight for areas that required immediate attention such as: replacement of rotor field leads, cooling water system maintenance, turbine guide bearing replacement, generator stator and rotor cleaning, wicket gate alignment, turbine component surface repair	
<i>Petersburg Municipal Power & Light</i>	2013
Generator evaluation and maintenance training	
<i>IdaWest Group, Boise Idaho</i>	2007
Generator evaluation and repair	
<i>Idaho Power Company</i>	1972 to 2005
<u>Project Coordinator</u>	1996 to 2005
Responsible for performing feasibility studies for upgrades on present equipment or new construction.	
Responsible for creating and implementing generator and turbine testing criteria and program implementation.	
Act as a consultant for the Oxbow and Hagerman maintenance crews.	
Bid, planned, and performed site management for hydro plant repair and refurbishment such as generator repair, generator rewinds, turbine repair, and plant evaluations	
<ul style="list-style-type: none">• Eugene Water & Electric Board –Walterville Power Plant• USCOE – J Percy Priest Power Plant• USCOE – Bonneville Power Plant• Sacramento Municipal Utility District – White Rock Power Plant	

- Constellation Energy-Central Maine Power Company-hydroplant evaluation
- Larry Barnes Investments- Horse Bend Hydro Plant generator alignment
- USBR-Minidoka Hydro Plant- generator rating evaluation and new unit acceptance

Project Superintendent

1994 to 1996

Responsible for maintenance, repair and upgrade projects for the Hydro Services Group. Including project estimating, scheduling and work planning on turbine and generator work.

Maintenance Superintendent

1990 to 1994

Responsible for the maintenance organization at Hells Canyon Complex requiring extensive knowledge and experience in all phases of power plant maintenance, the fundamentals of power plant operations, and equipment operation and maintenance.

- Prioritize and schedule annual and semi-annual maintenance for each of the 14 generating units of four hydroelectric plants.
- Evaluation of failing or failed equipment to prioritize and plan emergency maintenance efforts.
- Determine and budget capital improvement projects for the maintenance organization.
- Supervise and train crews and foremen in all facets of maintenance procedures.
- Responsible for preservation of protective equipment to ensure hydro plants meet safety and environmental regulations.
- Supervise and advise crew foremen and control technicians.
- Act in advisory capacity to general office regarding employee training and personnel issues.

Maintenance Crew Foreman

1985 to 1990

Directed, planned and regularly performed maintenance tasks on hydroelectric plant equipment. Supervised crew members to ensure work was completed as scheduled and in a safe and proper manner.

- Cavitation repair, Kaplan, fixed blade and Francis types.
- Generator rewinds (7 units totaling over 580 MW.)
- Governor repair and maintenance.
- Station service air and water system repair and maintenance.
- Complete disassembly, repair, and reassemble of Kaplan and Francis turbine assemblies.
- Shaft coupling and bearing repair and reassemble
- Main and pilot exciter repairs.
- Repair of gate hoisting assemblies and equipment

Hydro Power Plant Mechanic 1972 to 1985
Performed routine and emergency repairs on all types of hydroelectric turbine and generator equipment, generator repairs and rewinds. Operated and maintained a 50MW gas turbine.

Morrison Knudsen Construction Company 1965 to 1972

Surveyor - Civil and mechanical settings
Northfield Mountain Pumped Storage Project 1968 to 1972
Hells Canyon Hydroelectric Project 1965 to 1968



Southeast Alaska Power Agency Memo Re FY14 Rebate

DATE: November 3, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
RE **Rebate – FY2014**

The board approved a rebate in an amount equivalent to a half-cent per kWh based on a three-year average of firm power sales at the September 3, 2014 board meeting. The rebate was recorded as a reduction to FY14 hydro power revenues. The rebate is conditional upon the successful completion of the FY14 audit and contingent upon satisfying bond covenant requirements including debt service ratio compliance.

I am pleased to report that the FY14 audit by BDO USA, LLC is complete and will be presented for your consideration and approval at this meeting. We are compliant with the debt service ratio requirements of the bond indenture, and therefore are in a position to approve distribution of the rebate at this meeting.

As in the past, the rebate share for each utility is based upon the last three years' average of firm kWh purchases from SEAPA. This includes the years FY2012 – FY2014 and is summarized in the table below:

kWh Purchases	Ketchikan	Petersburg	Wrangell	Total
FY12	91,103,000	42,011,980	37,594,100	170,709,080
FY13	85,850,000	40,798,210	37,640,010	164,288,220
FY14	100,494,000	44,570,360	38,692,500	183,756,860
Total kWh	277,447,000	127,380,550	113,926,610	518,754,160
Percentage	53.4833%	24.5551%	21.9616%	100.00%
Rebate Allocation	\$462,411	\$212,301	\$189,878	\$864,590

This rebate represents a half-cent reduction in the Wholesale Power Rate based on an average of the last three years' firm kWh sales. The rate of 6.8 cents/kWh has remained the same for the last 17 years. The Board's approval is being requested to formally award the rebate amounts as defined above. A suggested motion would be:

SUGGESTED MOTION

I move to authorize the distributions of an \$864,590 rebate with a pro rata share to each member utility based on an average of the last three years' firm kWh purchases from SEAPA as specified in Mr. Acteson's rebate memo dated November 3, 2014.



PROPOSED SEAPA BOARD MEETING DATES 2015

Date(s)	Location	Comments
January 21 & 22 (Wed-Thurs)	Ketchikan	9 am-5 pm each day
March 25-26 (Wed-Thurs)	Wrangell	Propose split meeting from 11 am-5 pm on Wednesday and 9 am-12 Noon on Thursday
May 28 (Thursday)	Ketchikan	9 am-5 pm
July 29-30 (Wed-Thurs)	Petersburg	Propose split meeting from 1 pm-5 pm on Wednesday and 9 am-1 pm on Thursday
September 24 (Thursday)	Ketchikan	9 am-5 pm
November 17-18 (Tues-Wed)	Wrangell	Propose split meeting from 11 am-5 pm on Wednesday and 9 am-12 Noon on Thursday

January 2015

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2015

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March 2015

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April 2015

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May 2015

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June 2015

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July 2015

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2015

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2015

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2015

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2015

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2015

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

2015

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

www.blankcalendar2015.net

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

**MEMORANDUM
ATTORNEY-CLIENT COMMUNICATIONS**

TO: Bob Sivertsen, Chair
Southeast Alaska Power Agency

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

DATE: November 3, 2014

RE: Suggested Motion for Executive Session for November 14, 2014

To the extent that the Board of Directors seeks to discuss recent Federal Energy Regulatory Commission (FERC) filings regarding PURPA and the Agency's application before the FERC related to Swan Lake Hydroelectric Project, and to conduct a review of the Agency's Chief Executive Officer in Executive Session, I recommend the following motion be made:

I move to recess into Executive Session to facilitate discussions relating to an avoided cost request, and legal strategy regarding intervenors in the Agency's application before the Federal Energy Regulatory Commission for a non-capacity amendment for its Swan Lake Hydroelectric Project, and to conduct a review of the Agency's Chief Executive Officer. The Executive Session will be conducted pursuant to SEAPA's Bylaws, which are consistent with Alaska Statute 44.62.310 as the discussions will involve matters the immediate knowledge of which would clearly have an adverse impact upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board, and the discussions may include a person or subject that may tend to prejudice the reputation or character of a person.