



**Minutes of Regular Meeting**  
 June 19-20, 2019  
 Nolan Center  
 Wrangell, Alaska

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

**June 19, 2019**

**1) Call to Order**

A. *Roll Call*

Chairman Sivertsen called the meeting to order at 10:30 a.m. AKDT on June 19, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

<u>Director</u>	<u>Alternate</u>	<u>Representing</u>	
Karl Amylon <sup>1</sup>	Andy Donato	Swan Lake	Ketchikan
Robert Sivertsen		Swan Lake	Ketchikan
Dick Coose	Cliff Skillings	Swan Lake	Ketchikan
Bob Lynn	Robert Larson	Tyee Lake	Petersburg
	Lisa Von Bargaen	Tyee Lake	Wrangell

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

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

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

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

**2) Approval of the Agenda**

<b>&gt; Motion</b>	M/S (Von Bargaen/Coose) to approve the agenda as presented. Motion approved unanimously by polled vote.	<b>Action 19-739</b>
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**3) Persons to be Heard:** None.

**4) Review and Approve Minutes**

<b>&gt; Motion</b>	M/S (Lynn/Von Bargaen) to approve the minutes of the regular meeting of February 28, 2019, and special meetings of March 4, 2019, March 11, 2019, March 18, 2019, April 22, 2019, and May 29, 2019. Motion approved unanimously by polled vote.	<b>Action 19-740</b>
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<sup>1</sup> Mr. Amylon was present telephonically.

## 5(A-G) Financial Reports

<b>&gt; Motion</b>	M/S (Prysunka/Amylon) to accept disbursements for February, March, April, and May 2019 totaling \$1,853,143.81 and financial statements for January through April 2019, as presented. Following a brief overview by Mr. Acteson of the Agency's financial position, revenue and expenses, renewal and replacement projects, Bond funding and grants, the motion was approved unanimously by polled vote.	Action 19-741
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## 6) CEO Report

Mr. Acteson provided an overview of external issues including the State budget, local Shipyard layoffs, major cuts to the ferry system, etc. that may impose cost shifting on to SEAPA's member communities and eventually trickle down to impact the Agency when trying to determine future load growth, timing of the load growth, and project development. He discussed HB151, a bill introduced on May 3<sup>rd</sup>, relating to regulation of electric utilities and electric reliability organizations and explained how it could impact the Agency's status as an unregulated entity and render authority for new energy projects to the RCA. The bill is a legislative initiative resulting from efforts to regulate power flows from all the utilities in the Railbelt area to maximize benefits to the ratepayers in that area. Mr. Acteson advised he will be proactive in efforts to oppose any impacts the bill may have on the Agency and may reach out to the member communities for letters of support if necessary. He provided updates on the Swan Lake Boundary Correction Act, efforts to work with the Alaska Department of Natural Resources to finalize the Swan-Tyee Intertie Right of Way, and the State Specific Roadless Rule.

Mr. Acteson reported that he met individually with Chris Luchtefeld, CEO of Cape Fox, Curtis Thayer, new Executive Director of the Alaska Energy Authority, and Mike Garrett, CEO of Alaska Power & Telephone to discuss general power issues. He provided updates on the Swan Lake Operations and Maintenance transition, Agency recruitment efforts resulting in the hiring of both John Stanley and Matthew Vodopich as Operator/Electricians, and Zachary Nelson, as a temporary Brushing Technician. He announced that he attended an awards ceremony at which SEAPA and McMillen Jacobs Associates received Honor Awards from the American Council of Engineering Companies for Excellence for the engineering design of the Swan Lake Reservoir Expansion Project.

Lee Ault, a Senior Right-of-Way Agent for the Department of Transportation & Public Facilities (DOT&PF) who had been listening to the meeting via telephone interrupted the meeting to inquire as to whether Item 8B on the Agenda had been discussed yet. Chairman Sivertsen requested a motion to move that Agenda Item forward accordingly to accommodate Ms. Ault's inquiry.

<b>&gt; Motion</b>	M/S (Coose/Von Bargaen) to amend the Agenda to move New Business Item 8B under New Business (consideration and approval of Alaska Department of Transportation easement request) forward in the Agenda. The motion was approved unanimously by polled vote.	Action 19-742
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Chairman Sivertsen directed the board to a memo in the board packet on Agenda Item 8B explaining a request by the DOT&PF for a 329 sq. ft. easement on property recently acquired by the Agency. He requested a motion on the State's request.

➤ <b>Motion</b>	M/S (Von Bargaen/Lynn) to authorize the Southeast Alaska Power Agency's (SEAPA) CEO to accept the State of Alaska Department of Transportation & Public Facility's offer to acquire a 329 square foot easement interest in SEAPA's Lot 1, Bamville Industrial Park Subdivision of Lot 3, 4300 Tongass Avenue, in Ketchikan, Alaska for \$3,900 to construct a ditch, drainage, and any future maintenance, and further authorize SEAPA's CEO to sell, grant, and convey said easement interest, and execute any agreements and documents necessary to effect the transaction for the DOT&PF's Project SFHWY00085 - KTN: REVILLA.	Action 19-743
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Mr. Acteson explained that the DOT&PF is planning improvements to the uplands area where SEAPA's property is situated for ditch improvements, drainage, and future maintenance. Ms. Von Bargaen expressed concern over detail in the motion limiting other unforeseen improvements the State may request. Following much discussion on the impacts of the State's request, and Mr. Skillings' disclosure as a board member that he also owns property adjacent to the Agency's lot that may be impacted, it was determined a motion to table the motion to a future meeting would be appropriate until impacts to the Agency's property could be further assessed.

➤ <b>Motion</b>	M/S (Von Bargaen/Coose) to table the motion on the DOT&PF's easement request to a future SEAPA Board meeting. The motion was approved unanimously by polled vote.	Action 19-744
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The meeting recessed for lunch at 11:54 am and reconvened at 1:00 p.m.

Chairman Sivertsen announced that the meeting would resume under Agenda Item 7, Old Business.

**7) Old Business**

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

➤ <b>Motion</b>	M/S (Lynn/Coose) to adopt the tabled motion to approve payment to the municipalities of Petersburg and Wrangell for reimbursement of supplemental diesel fuel and overtime, less \$0.068 per kWh, in the amount of \$841,785.38, as presented in the Diesel & Overtime Reimbursement memo at SEAPA's April 22, 2019 special board meeting. Following brief comments, the motion was approved unanimously by polled vote.	Action 19-745
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- B. *Consideration and Approval of 2019 Revised Operations Plan*

➤ <b>Motion</b>	M/S (Lynn/Von Bargaen) to approve the 2019 Revised SEAPA Operations Plan as presented in the June 19-20, 2019 Board packet.	Action 19-746
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Mr. Acteson explained the fundamentals of the Revised Operations Plan. Mr. Siedman displayed a PowerPoint presentation explaining the process used in the algorithm to optimize water

resources, and provided updates on current lake levels, rainfall and 2019 inflows, inflow forecasts, load forecasts, scheduled maintenance at the plants, various math models, balancing the lakes, deviation of the Agency's emergency operations plan, and communications protocol. Mr. Siedman closed the presentation with an overall summary of the plan.

The meeting recessed at 3:02 pm and reconvened at 3:11 p.m.

A vote was taken on the motion to approve the 2019 Revised SEAPA Operations Plan. The motion was approved unanimously by polled vote.

**8) New Business**

- A. *Consideration and Approval of R&R 19311 Swan Lake Gangway & Pier Replacement Contract.*

➤ <b>Motion</b>	M/S (Lynn/Von Barga) to authorize staff to enter into a contract with Western Dock and Bridge, LLC for SEAPA's Swan Lake Gangway & Pier Replacement Project for the lump-sum bid amount of \$237,000, plus a 15% contingency of \$35,550 for a total of \$272,550 for the project. The motion was approved unanimously by polled vote.	Action 19-747
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- B. *Consideration and Approval of Alaska Department of Transportation Easement Request. [Discussed earlier in the meeting]*

- C. *Consideration and Approval of 457B Administration Change*

➤ <b>Motion</b>	M/S (Von Barga/Coose) to retain Spectrum Pension Consultants to administer SEAPA's 457(b) Deferred Compensation Plan. The motion was approved unanimously by polled vote.	Action 19-748
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- D. *Executive Session Re: (a) Flight Operations and Cyber Security, (b) Hydrosite Analysis, and (c) Winston Tann Presentation and Compensation Plan*

➤ <b>Motion</b>	M/S (Lynn/Coose) to recess into an Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on (a) Flights Operations and Cyber Security, (b) Hydrosite Analysis, and (c) Winston Tann Presentation and Compensation Plan, as they involve matters that (a) could have an adverse effect on the Agency's legal position, and legal counsel is present; (b) matters that have a clear impact on the Agency's finances; and (c) matters that could prejudice the reputation and character of individuals who work for the Agency. The motion was approved unanimously by polled vote.	Action 19-749
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The meeting recessed at 3:30 p.m. for the executive session. The meeting reconvened into regular session at 6:20 p.m.

Chairman Sivertsen announced the executive session is recessed and the CEO has been given direction. The regular session of the meeting recessed at 6:25 p.m.

**9) Call to Order**

A. *Roll Call*

Chairman Sivertsen called the meeting to order at 9:00 a.m. on June 20<sup>th</sup>. He announced the meeting is returning from a recess out of an executive session and requested a roll call. The same directors that were available on June 19 were present. He announced that hydrosite analysis still needed to be discussed in executive session and requested a motion.

<b>➤ Motion</b>	M/S (Coose/Lynn) to recess to an Executive Session to complete discussions on hydrosite analysis. The motion was approved unanimously by polled vote.	<b>Action 19-750</b>
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The meeting recessed at 9:05 a.m. for the executive session. The meeting reconvened into regular session at 10:04 a.m.

Chairman Sivertsen announced the board is coming out of executive session and the regular session of the meeting would resume under New Business to discuss presentation and approval of the 6-month July to December 2019 budget.

**8) New Business (continued)**

E. *Presentation, Consideration, and Approval of 6-Month July through December 2019 Budget*

<b>➤ Motion</b>	M/S (Lynn/Coose) to approve the Southeast Alaska Power Agency July through December 2019 Operating Budget in the amount of \$3,499,030 and July through December 2019 non-operational costs totaling \$759,960.	<b>Action 19-751</b>
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Mr. Acteson provided a high-level review of the proposed six-month budget noting it was one of the first times that the budget did not include SEAPA's levelized annual payment into the R&R fund. He recommended that the issue be revisited during the FY2020 budget discussions at the December 2019 board meeting and noted that rate stabilization funds could be applied toward the R&R fund. Mr. Acteson reviewed the budget summary sheet highlighting revenues and expenses and continued with line-by-line discussions of the proposed budget. During discussion of FERC Code No. 920000 for administrative expenses, Mr. Coose made the following motion:

<b>➤ Motion</b>	M/S (Coose/Von Bargaen) to increase FERC Code 920000 by the amount of \$27,609. The motion was approved unanimously by polled vote.	<b>Action 19-752</b>
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Mr. Acteson continued with the budget review and during discussions of FERC Code 921 (office expenses) it was noted that this line item included an accounting software upgrade. Ms. Key compared Sage Intact cloud-based software with Quickbooks and inquired whether staff would need to seek board approval for purchase of the new software. The consensus was that staff could proceed with the purchase without board approval.

Ms. Von Bargaen requested a short interruption of the budget discussions to introduce Rod Rhoades, Wrangell's Electrical Superintendent, who had joined the meeting. Greetings were exchanged.

Prior to discussing R&R Projects in the budget, the Chair requested a vote on the pending motion for SEAPA's July -December 2019 operating budget and non-operational costs as presented and as amended for the increase of FERC Code 920000. The motion was approved unanimously by polled vote.

The Chair requested motions on the current R&R projects and new July-December 2019 R&R projects as presented in the draft budget.

<b>➤ Motion</b>	M/S (Lynn/Von Bargaen) to approve the Current R&R Projects' July-December 2019 budget in the amount of \$1,521,744.	Action 19-753
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<b>➤ Motion</b>	M/S (Lynn/Von Bargaen) to approve new July-December 2019 R&R Projects as presented in the amount of \$328,500.	Action 19-754
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Mr. Acteson discussed each of the current R&R projects and the new projects proposed for the July-December 2019 budget. During discussions on the current R&R project for the Swan Lake Tri-plex, the Chair suggested the tri-plex be designed to be built as a four-plex. Mr. Schofield elaborated on the concept of changing the design from a tri-plex to a four-plex. Mr. Acteson suggested the current cost estimate of \$459,575 for RR286-18 be increased to \$500,000. The Chair requested a motion for the suggested increase.

<b>➤ Motion</b>	M/S (Coose/Von Bargaen) to increase RR286-18 in the current R&R Projects' July-December 2019 budget from \$459,575 to \$500,000 for an increase of \$40,425 for Swan Lake housing. The motion was approved unanimously by polled vote.	Action 19-755
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Following discussion of the remaining R&R projects, the Chair requested a vote on the two pending motions for the current and new R&R projects July-December 2019 budget. The motions were approved unanimously by polled vote.

The meeting recessed for lunch at 12 noon. The meeting reconvened at 1 p.m.

Mr. Acteson provided an overview of a Fund Balance Forecast provided in the July-December draft budget. He noted the revenue checking fund balance in June 2018 was \$6,916,613 and by December 31, 2019 is projected to be under \$2,000,000. Chairman Sivertsen announced that budget discussions are complete and directed the board to the next item under New Business in the Agenda.

F. *Consideration and Approval of Hydropower Site Investigations Contract*

<b>➤ Motion</b>	M/S (Von Bargaen/Lynn) to authorize staff to enter into a contract with McMillen, LLC for SEAPA's Hydropower Site Investigations 2019 Project Completion Workplan for the not-to-exceed value of \$398,002. Following an explanation by Mr. Acteson that the contract would be covered by grant funds, a poll vote was taken, and the motion was approved unanimously.	Action 19-756
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G. *Consideration and Approval of Carroll Inlet Crossing Marker Ball Replacement Contract*

<b>&gt; Motion</b>	M/S (Lynn/Coose) to enter into a sole source contract with Electric Power Constructors, Inc. for SEAPA's R&R Project for the Carroll Inlet Transmission Line Marker Ball Replacement Project for the lump-sum amount of \$93,665.03, plus a 10% contingency of \$9,366 for a total not-to-exceed value of \$103,031. The motion was approved unanimously by polled vote.	<b>Action 19-757</b>
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H. *Consideration and Approval of Wholesale Power Rate*

<b>&gt; Motion</b>	M/S (Lynn/Coose) to approve setting SEAPA's wholesale power rate at 6.8 cents/kWh for the 6-month period of July through December 2019. The motion was approved unanimously by polled vote.	<b>Action 19-758</b>
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**10) Staff Reports**

A. *Power System Specialist Report (Schofield)*

Mr. Schofield announced that the Swan Lake Equipment Storage Building was complete and in service. He elaborated on the structure and capacity of the building, and logistics and construction tasks involved in constructing the project. He reported the Swan Lake Dam's Flashboard Gate Trigger Modifications and second phase of the Reservoir Access Ladders Projects were complete and provided an update on the Tri-Plex Housing Project. He advised that the Swan Lake Operations and Maintenance Manual originally written in 1983 is being rewritten and announced that three SEAPA staff positions which included an Operator/Electrician for each of the Plants and a Roving Operator/Electrician had been filled.

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

Mr. Siedman reported completion of the Swan Lake hydraulic validation model. He explained the testing process, and advised that Phase Two of the Swan Lake Hydraulic Analysis Project is currently being performed to determine isochronous operation at low lake levels which is anticipated to result in possible solutions to reduce or prevent oscillations that occur in the penstock at low lake levels due to local mode bifurcation. He provided updates on the Tyee and Swan Lake Governor Pressure Systems, Swan Lake Distribution Valve Controller and Manifold, Swan Lake Station Service Switchgear, Tyee and Swan Lake Snow Pillows, and announced that an X2nSat satellite dish had been installed at Tyee and is scheduled to go online in July 2019.

C. *Operations Manager Report (Hammer)*

Mr. Hammer announced that following a site review by R&M Engineering-Ketchikan, a shore side road option appears to be the most cost-effective solution to access the Agency's Tyee facility. The overall length of the road under this option would be 1.1 miles at an estimated cost of \$1.6 million. He advised the next step will be an actual site survey which will firm up the cost estimate for the overall project. He reported that the amendment authorizing use of an ATV for power line maintenance was finally signed the last week of May and that staff will develop an Operating Plan to define where the ATV will be used and document fish stream crossing mitigation, and also outline vegetation management. Mr. Hammer provided updates on the Eagle River and Carroll Inlet Crossing Marker Ball Projects, TSV Actuator Pistons, Sub Cable ROV Inspection, Cleveland

Peninsula Helipads, MET Tower Data collection, and wood pole testing. He reported that Matt Vodopich joined the Tyee Crew replacing Chris Barnett, who will be filling the Roving Electrician position and working between both plants.

**11) Next Meeting Date(s)**

A request was made for possible date changes to the September 26-27 board meeting. It was determined the change could not be accommodated resulting in no changes to the remaining 2019 meeting dates.

**12) Director Comments**

Directors provided brief comments.

**13) Adjourn**

<b>&gt; Motion</b>	M/S (Coose/Donato) to adjourn the meeting. The motion was approved unanimously by polled vote.	<b>Action 19-759</b>
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The meeting adjourned at 2:03 p.m. AKDT.