



# SOUTHEAST ALASKA POWER AGENCY

## Regular Board Meeting AGENDA

(To be held Electronically<sup>1</sup>)

February 26, 2021 SEAPA BOARD MEETING	
Time	Event
9 AM	Meeting Starts
10:30 AM	15-Minute Break
12 Noon	Lunch
1 PM	Meeting Resumes
2:30 PM	15-Minute Break
5 PM	Meeting Adjourns

**For telephonic participation dial:**

**1.888.475.4499<sup>2</sup>**

**Meeting ID No. 984 3427 0640**

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. **Introduction of Board Members**
  
4. **Election of Officers**
  - A. Chairperson
  - B. Vice Chairperson
  - C. Secretary/Treasurer
  
5. **Persons to be Heard**
  
6. **Introduction to SEAPA**
  
7. **Review and Approve Minutes**
  - A. December 10, 2020 Minutes of Regular Board Meeting
  
8. **Financial Reports**
  - A. CEO Financial Memo
  - B. Controller Memo
  - C. kWh Graph
  - D. Fund Graph
  - E. Grant Summary
  - F. Financial Statements
  - G. Disbursements

<sup>1</sup> Due to recommendations from the Center for Disease Control and its social distancing guidelines, this meeting of the Board of Directors of the Southeast Alaska Power Agency will be held electronically.

<sup>2</sup> In the event of a failure with Zoom connectivity, the meeting shall continue by telephonic participation by dialing 1.800.315.6338 (Code 73272#).

9. **Old Business**
  - A. Legal Update: Roadless Rule
10. **New Business**
  - A. Consideration and Approval of Contract Award Re Swan-Bailey Transmission Line Brushing Project
  - B. Consideration and Approval of Swan Lake-Bailey Substations Transformer Refurbishment Project
  - C. Consideration and Approval of R&R Capital Budget Adjustments
  - D. Operations Plan Quarterly Update
11. **CEO Report**
12. **Staff Reports**
  - A. Power System Specialist (*Schofield*)
  - B. Director of Engineering and Technical Services (*Siedman*)
  - C. Operations Manager (*Hammer*)
13. **Next Meeting Dates**
14. **Director Comments**
15. **Adjourn**

# Southeast Alaska Power Agency Meeting Minutes

Location: Held Electronically<sup>1</sup>

Date: December 10, 2020

Time: 9:00 a.m. AKST

## Agenda Items

### 1) Call to Order

#### A. Roll Call.

Chairperson Lynn called the regular meeting to order at 9:00 a.m. AKST on December 10, 2020. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present Electronically (E) In Person (IP)	Alternates	Present Electronically (E) In Person (IP)	Representing	Community
Karl Amylon	E	Jeremy Bynum	E	Swan Lake	Ketchikan
Bob Sivertsen	E	Cliff Skillings	E	Swan Lake	Ketchikan
Bob Lynn	E	Tor Benson	E	Tyee Lake	Petersburg
Robert Larson	E	Karl Hagerman	E	Tyee Lake	Petersburg
Stephen Prysunka	E	Lisa Von Bargaen		Tyee Lake	Wrangell

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

Staff	Present Electronically (E) In Person (IP)	Staff/Counsel	Present Electronically (E) In Person (IP)
Trey Acteson, CEO	E	Joel Paisner, SEAPA Counsel	E
Clay Hammer, Operations Mgr.	E	Kay Key, Controller	E
Ed Schofield, Power Sys. Sp.	E	Sharon Thompson, EA/CA	E
Robert Siedman, Dir. Eng & TS	E	Marcy Hornecker, Admin. Asst.	E

#### B. Communications/Lay on the Table Items - Two items:

- Fund Flow Chart
- Potential Approach to Rates

#### C. Disclosure of Conflicts of Interest - None

### 2) Approval of the Agenda

➤ <b>Motion</b>	M/S (Sivertsen/Larson) to approve the agenda as presented. The motion was approved by consensus following a round of 'ayes'.	✓ <b>Action 20-853</b>
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### 3) Persons to be Heard - None

### 4) Review and Approve Minutes

➤ <b>Motion</b>	M/S (Prysunka/Larson) to approve the minutes of the regular meeting of September 30, 2020. The motion was approved unanimously by polled vote.	✓ <b>Action 20-854</b>
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<sup>1</sup> The meeting was held electronically via Zoom due to recommendations from the Center for Disease Control and its social distancing guidelines. An audio recording of this meeting is available on SEAPA's website at [www.seapahydro.org](http://www.seapahydro.org)



5) **Financial Reports**

➤ <b>Motion</b>	<p>M/S (Sivertsen/Prysunka) to accept year-to-date financial statements through October 2020 and disbursements for September, October, and November 2020 totaling \$2,338,837.07, as presented.</p> <p>Mr. Acteson opened discussion on financial matters by explaining that although a rate increase is not currently requested, a potential approach to an increase was prepared for the board to contemplate. He demonstrated the approach and fielded questions followed by discussions on a Fund Flow Chart which provided a forward look on the finances of the Agency. He discussed and fielded questions on the various Agency funds and provided an overview of the remainder of the financial reports provided in the board packet.</p> <p>Following additional discussion, the motion was approved unanimously by polled vote.</p>	✓ <b>Action 20-855</b>
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6) **New Business**

A. *Executive Session*

➤ <b>Motion</b>	<p>M/S (Larson/Sivertsen) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with AS 44.62.310 for discussions on: (a) evaluation of the Agency's CEO, which discussions may involve subjects that tend to prejudice the reputation and character of a person, and (b) update on hydrosite analysis as the discussions may involved matters that have a clear impact on the Agency's finances. The motion was approved unanimously by polled vote.</p>	✓ <b>Action 20-856</b>
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The meeting recessed at 9:45 a.m. for the executive session. The regular session of the meeting resumed at 1:15 p.m. The Chair requested a roll call. The same board members present in the earlier portion of the meeting were in attendance. The Chair announced that the executive session is complete.

B. *Consideration and Approval of Contract Award Re Tyee Tidewater Access Road Preliminary Design Project.*

➤ <b>Motion</b>	<p>M/S (Prysunka/Sivertsen) to abandon the Tyee Marine Access Feasibility Project and close the project account 1830-004. The motion was unanimously passed by polled vote.</p>	✓ <b>Action 20-857</b>
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C. *Consideration and Approval of Sole Source of Air Carrier Contract*

➤ <b>Motion</b>	<p>M/S (Prysunka/Larson) to authorize staff to enter into a sole-source Air Carrier Contract with Sunrise Aviation, Inc. for a term from December 1, 2020 through December 31, 2021 with an evergreen clause automatically renewing the contract unless it is terminated otherwise by one or both parties for fixed wing flight services at the base rate of \$500 for each contracted, scheduled, completed flight between Wrangell and the Tyee Hydroelectric facility, estimated to be about 104 flights annually, with the option for Sunrise Aviation to revise its rate on November 1 each year for insurance and fuel cost adjustments. Following a brief discussion, the motion was unanimously passed by polled vote.</p>	✓ <b>Action 20-858</b>
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D. *Consideration and Approval of Sole Source Re SEAPA 2021 Safety Program*

➤ <b>Motion</b>	M/S (Prysunka/Larson) to authorize staff to enter into a sole-source contract amendment to SEAPA's Task Order No. 20055 for SEAPA's 2021 Swan and Tye Lake Safety Program Support Services and Training with TSS, Inc. for the not-to-exceed value of \$76,000. The motion was unanimously passed by polled vote.	✓ <b>Action 20-859</b>
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E. *Presentation, Consideration and Approval of FY2021 SEAPA Budget*

➤ <b>Motion</b>	M/S (Sivertsen/Larson) to adopt the Southeast Alaska Power Agency budget for fiscal year 2021, comprised of:			✓ <b>Action 20-860</b>
	1)	Setting the wholesale power rate at \$0.068 per kWh for the period January-December 2021; and,		
	2)	the 2021 Forecasted Revenue Budget of:	\$ 11,370,356	
	3)	and the 2021 Operating Expense Budget of:	\$ 7,264,800	
	4)	and the 2021 Nonoperating Revenue Budget of:	\$ 376,000	
	5)	and the 2021 Nonoperating Expense, Liabilities and Feasibility Budget of: (which includes debt service and a levelized payment of \$2.552M to the R&R Fund); and,	\$ 4,470,813	
	6)	projects in the 2021 Renewal and Replacement Capital Budget of: (as presented at the December 10, 2020 SEAPA Board Meeting).	\$ 17,541,707	

Mr. Acteson reported that SEAPA's Fiscal Year 2021 budget is premised on maintaining the 6.8 cent/kWh Wholesale Power Rate to minimize the financial impact to SEAPA's member communities during the global pandemic. He explained that although the rate has remained the same for over 23 years, it is not sustainable because it has not been adjusted for inflation. The lay on the table items, Potential Approach to Rates and a Fund Flow Chart, were provided on the Zoom meeting screen to facilitate discussion on possible rate increases and to provide a forward look at Agency finances. There was considerable discussion on both items with no definitive action taken.

Mr. Acteson reviewed the FY2021 draft operating budget with a brief highlight of each budget item. Considerable discussion followed when considering a 2% COLA for SEAPA administrative staff, which resulted in the following motion:

➤ <b>Motion</b>	M/S (Sivertsen/Amylon) to amend the FY2021 operating budget regarding compensation to defer the two percent proposed wage to administrative staff to a better economic time - probably next season.	✓ <b>Action 20-861</b>
	Prior to a vote being taken, Mr. Acteson clarified for the record that administrative staff had not received any compensation adjustments for a year and half so deferring the adjustment would equate to two and a half years of no COLA increases for administrative staff.	
	The motion passed three-to-two with Mr. Lynn, Mr. Amylon, and Mr. Sivertsen voting in favor of the motion and Mr. Prysunka and Mr. Hagerman voting against the motion.	

Mr. Acteson continued with highlights of the remainder of the operating expense budget and discussed the nonoperating revenue, nonoperating expense, liabilities and feasibility, and renewal and replacement (R&R) capital budgets. During discussions of the R&R capital project #20346 for replacement of existing relays at the Bailey Substation, it was determined an increase is necessary for the budget item.



➤ **Motion** M/S (Sivertsen/Prysunka) to amend the FY2021 R&R Capital Budget by increasing Budget Item RR20346 by \$21,320. The motion was unanimously passed by polled vote. ✓ Action 20-862

The Chair requested a vote on the motion adopting SEAPA's FY2021 Budget, as amended, which amendments include: (1) a reduction in the Operating Budget to defer a 2% administrative staff raise, and (2) an increase of \$21,320 to the Renewal & Replacement Capital Budget. Following brief discussion, the motion was unanimously passed by polled vote.

The Chair requested discussion to consider authorization for the CEO to utilize \$10,000 from SEAPA's FY2020 operating budget to provide year-end bonuses to administrative staff for employee recognition, to be distributed at the CEO's discretion. Following brief discussion, the following motion was presented:

➤ **Motion** M/S (Prysunka/Larson) to authorize SEAPA's CEO to make \$10,000 available for administrative staff bonuses out of SEAPA's FY2020 budget to be allocated as he sees fit. Following a polled vote, the motion passed four-to-one with Mr. Sivertsen, Mr. Larson, Mr. Lynn, and Mr. Prysunka voting in favor of the motion and Mr. Amylon voting against the motion. ✓ Action 20-863

Following the vote, Mr. Sivertsen requested that his vote be changed to "No". The Board consented to agree to allow the change. The motion still passed three-to-two with Mr. Larson, Mr. Lynn, and Mr. Prysunka in favor of the motion and Mr. Amylon and Mr. Sivertsen against the motion.

F. *Consideration and Approval of SEAPA's FY2021 Operations Plan*

➤ **Motion** M/S (Hagerman/Sivertsen) to approve the 2021 SEAPA Operations Plan as presented in the December 10, 2020 Board packet. ✓ Action 20-864

The meeting recessed at 3:33 p.m. and resumed at 3:40 p.m.

Mr. Siedman presented highlights of SEAPA's proposed 2021 Operations Plan. Following brief discussion, the Chair requested a vote on the motion brought forward for the proposed Operations Plan. The motion passed unanimously by polled vote.

**7) CEO Report**

In the interest of brevity, Mr. Acteson announced he would not verbalize highlights of the written CEO report provided in the December 10, 2020 board packet but will make himself available for any questions.

**8) Staff Reports**

A-C. *Operations Manager (Hammer), Power System Specialist (Schofield), and Director of Engineering and Technical Services (Siedman)*

In the interest of brevity, highlights of the respective staff reports were not verbalized as written reports were provided in the board packet. Brief discussion followed as staff fielded questions on the written reports.

**9) Calendar Year 2021 Meeting Dates**

There were no objections to the proposed 2021 meeting dates provided in the board packet.



**10) Director Comments**

Directors exchanged various comments.

**11) Adjourn**

The Chair announced the meeting adjourned at 4:35 p.m. There were no objections.

**Signed:**

**Attest:**

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**Secretary/Treasurer**

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**Chairperson**





## SOUTHEAST ALASKA POWER AGENCY CEO FINANCIAL COVER MEMO

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DATE: February 18, 2021  
TO: SEAPA Board of Directors  
FROM: Trey Acteson, Chief Executive Officer  
SUBJECT: CEO Financial Cover Letter

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The Agency did not make milestone payments in 2020 as anticipated for the Stikine Submarine Cable Replacement Project. An item is included under new business to shift those costs into the 2021 budget. Alaska Permanent Capital Management has begun incrementally liquidating assets held in the Self-Insured Risk Fund to cover interim milestone payments scheduled to be released next Tuesday. These include milestone payments 1, 2 and 15 totaling \$1,392,694.

I have contacted representatives from the State of Alaska Municipal Bond Bank (AMBB), Co-Bank, and Cooperative Finance Corporation (CFC) requesting details on SEAPA's eligibility for long-term financing and current lending rates. There is still some uncertainty regarding AMBB's lending capacity and I am in regular contact with the Debt Manager for the State of Alaska. I anticipate Co-Bank to come forward with potential options, including possible bridge financing should the need arise. SEAPA was not previously eligible under CFC, but they have loosened some of their lending requirements over the past couple of years and may have something to offer. We also have the option to go out and sell bonds into the market as we did in 2015. This is the most complicated method and generally has higher administrative costs.

On a parallel path, I am lining up a potential bond support team. I had preliminary discussions with Michael Newman, Managing Director of Public Finance with Hilltop Securities Inc. He is interested in assisting SEAPA as a Financial Advisor and was referred through one of our previous bond counsels. Mr. Newman has broad experience in Alaska having worked with several Alaska municipalities. I am also considering candidates for bond counsel. Unfortunately, our previous counsel has retired but his partner may be available. The bonding effort is still evolving, but I will eventually need formal action from the Board when options are sufficiently refined to a decision point. The Board should anticipate a Special Board Meeting between now and our regularly scheduled meeting in May.

**REVENUE & EXPENSES:** Revenue from sales for 2020 was \$11,036,821 actual vs. \$11,387,294 budget. Revenue from displaced sales was an additional \$633,508. Overall, 2020 revenues recovered well from the drought and returned close to average.

Expenses for 2020 were \$6,496,746 actual vs. \$7,317,725 budget. Expenses were generally lower across the board due to impacts from COVID.



**RENEWAL & REPLACEMENT PROJECTS:** R&R expenditures for 2020 were \$2,463,336 actual vs. \$6,107,400 total annual budget. The significant difference is mostly attributable to submarine cable replacement and station service projects shifting into 2021. There is an item under New Business requesting revision to the 2021 budget to reflect this change.

**WHITMAN TRUE-UP:** The 2020 Whitman True-up totaled \$633,508 in displaced SEAPA sales. This invoice is issued when it is determined that Whitman hydro generation has displaced sales that SEAPA could have otherwise sold. It is based upon annual Whitman kWh generation and SEAPA spill records, in accordance with the Whitman True-up Agreement between Ketchikan Public Utilities and SEAPA. True-ups were previously invoiced in 2014, the year Whitman was commissioned, 2015 and 2016. No invoices were issued in 2017-18-19, an indication that SEAPA did not spill during those years, even though Whitman was in operation.

The basis of the true-up agreement is derived from the Full Requirements covenants of the Long-term Power Sales Agreement, requiring purchase of sales from SEAPA prior to power generated by facilities built after the agreement was signed. SEAPA bond indentures also require the Agency to enforce the Full Requirements covenants unless in the reasonable good faith judgement of the Agency, such exception would not materially adversely affect the finances or operations of the Agency.

**GRANTS:** The Agency has one open grant, the FY13 DCCED, with an open balance at the end of 2020 totaling \$336,733. SEAPA successfully secured a one-year grant extension out to June 30, 2022. This will allow further refinement of potential hydrosites, including lidar runs on higher scoring projects. A portion of the funds will be expended on preliminary analysis of a marine hydrokinetic site.



## SOUTHEAST ALASKA POWER AGENCY CONTROLLER MEMO

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Date: February 17, 2021                      From: Kay Key  
To: Trey Acteson                                Subject: **FINANCIAL STATEMENTS**

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### SUGGESTED MOTION

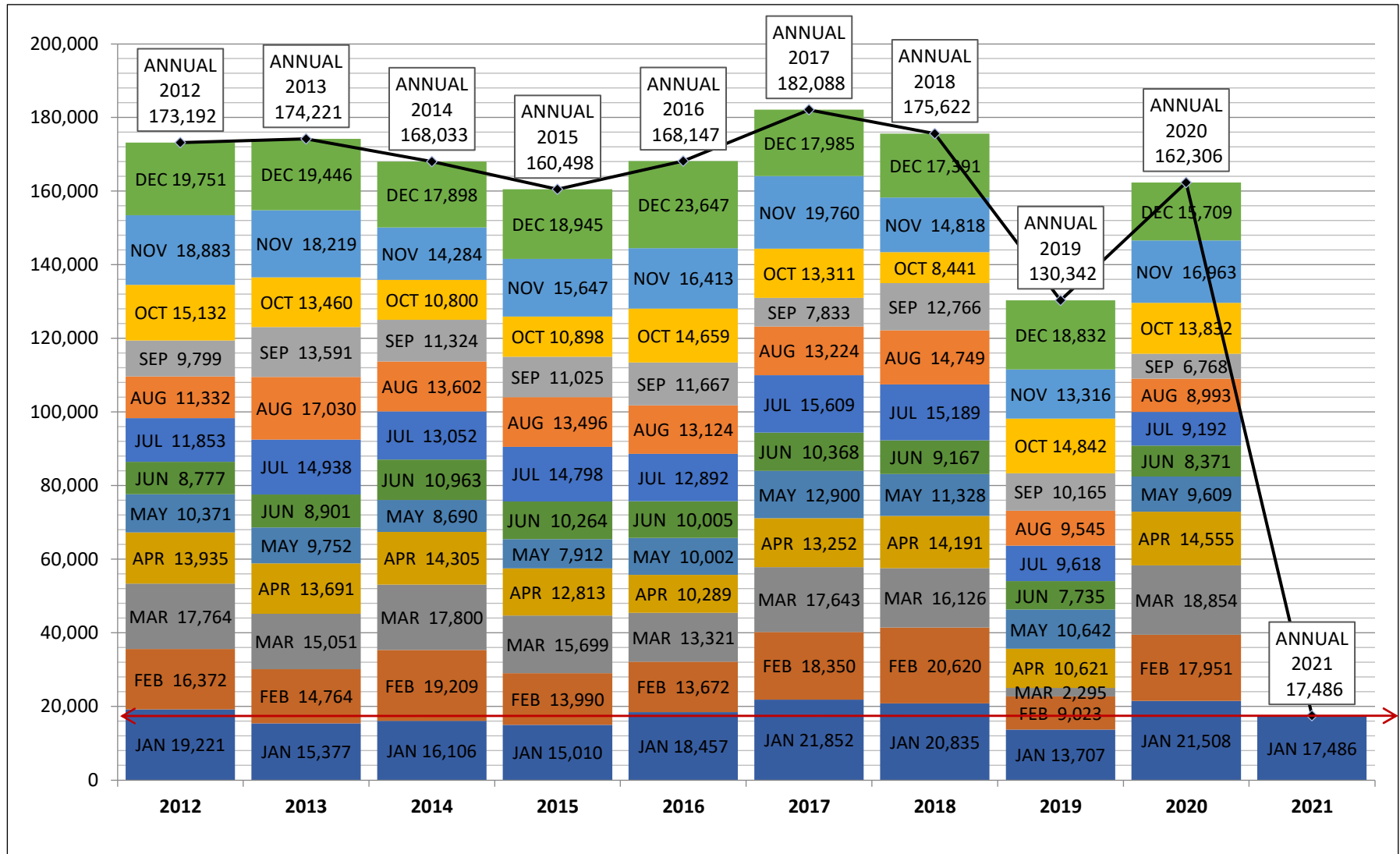
I move to accept year-to-date financial statements through December 2020 and disbursements for December 2020 and January 2021 totaling \$1,674,884.06, as presented.

In 2019, SEAPA transitioned from an annual fiscal period ending June 30 to a fiscal period ending December 31. Books were closed and audited financial statements were presented for the year ended June 30 and the six-month period ended December 31. The 2019 figures presented in the attached financial statements reflect the activity that took place in calendar year 2019 but do not align with 2019 fiscal reports.

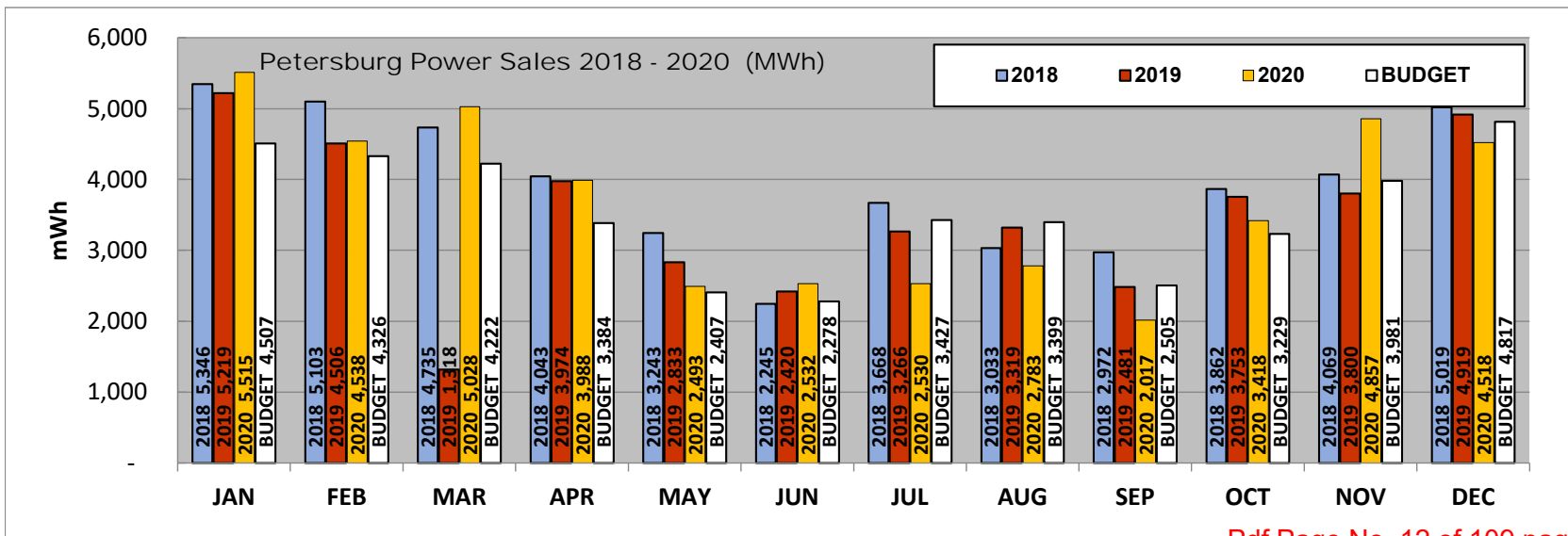
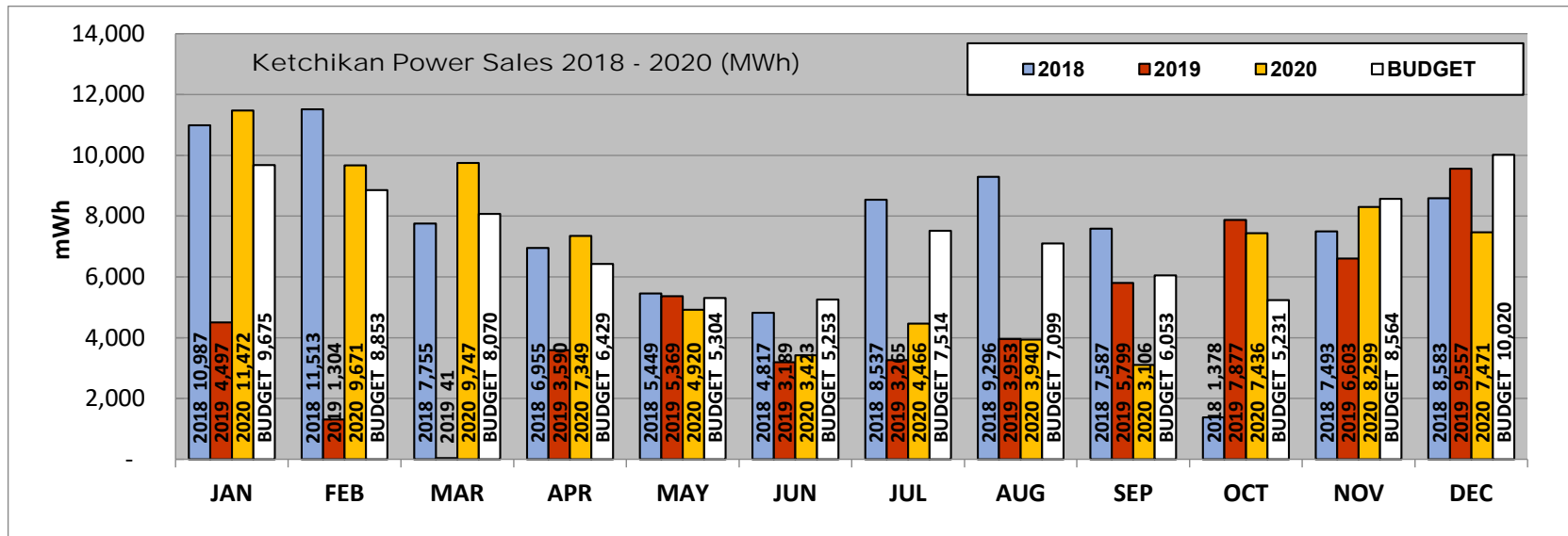
Financial Statements in this board packet include:

- **kWh Graphs** (Dec 2020, Jan 2021)
- **Fund Allocation Graph** (Dec 2020)
- **Grant Summary** (Quarterly through December 2020)
- **Year-to-Date Financial Statements through December 2020**
  - ✓ Financial Overview
  - ✓ Statement of Financial Position – Year-to-date with prior year comparison
  - ✓ Statement of Activities – Summary of year-to-date expenses by FERC code, compared to budget and prior year
  - ✓ Statement of Activities – Line-item detail of actual expenses compared to budget by location
  - ✓ R&R Summary
- **Disbursements for December 2020 and January 2021**

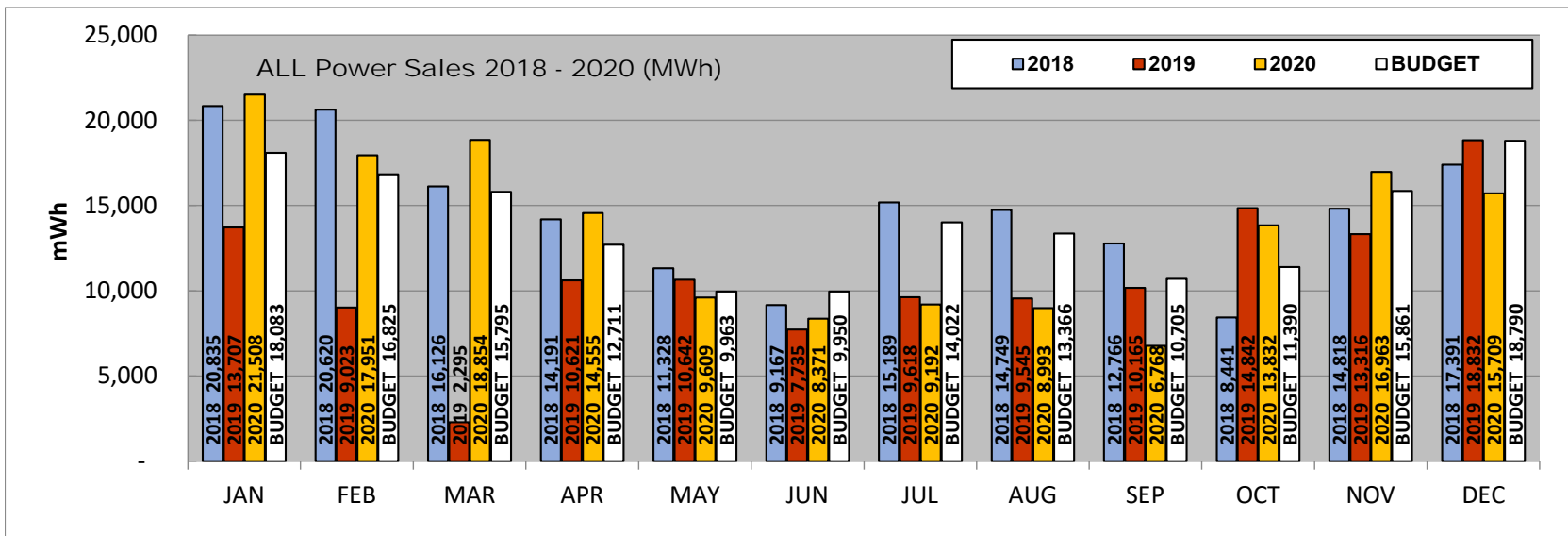
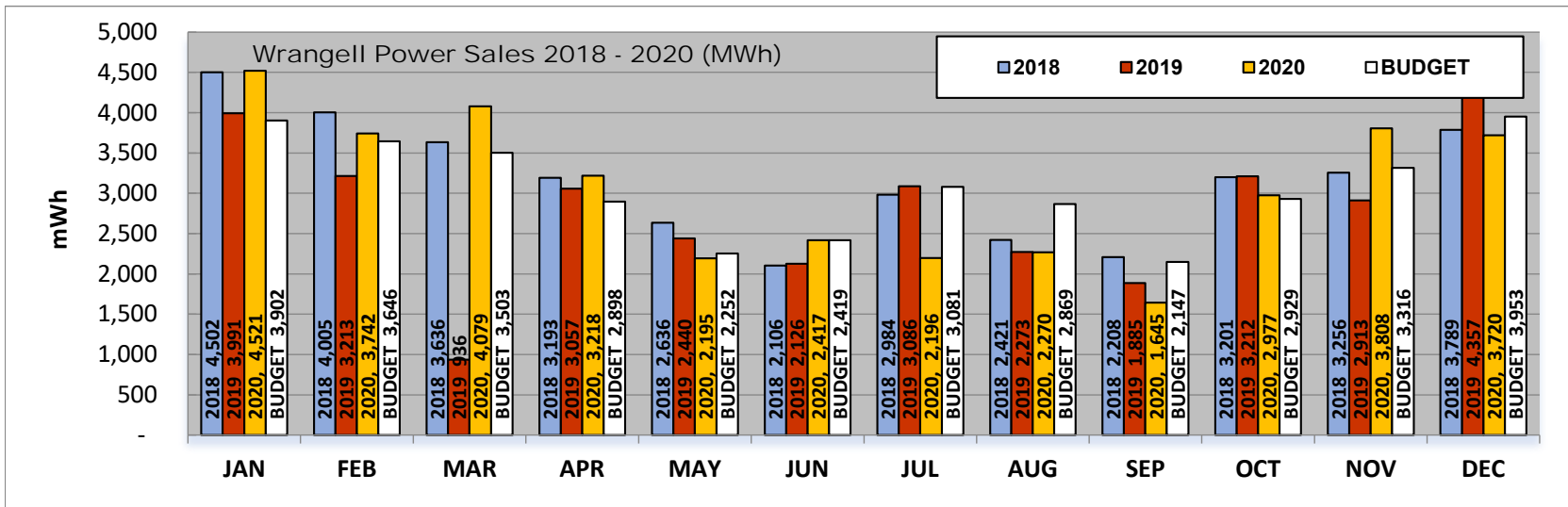
# MWh Sales Year-to-Year Comparison



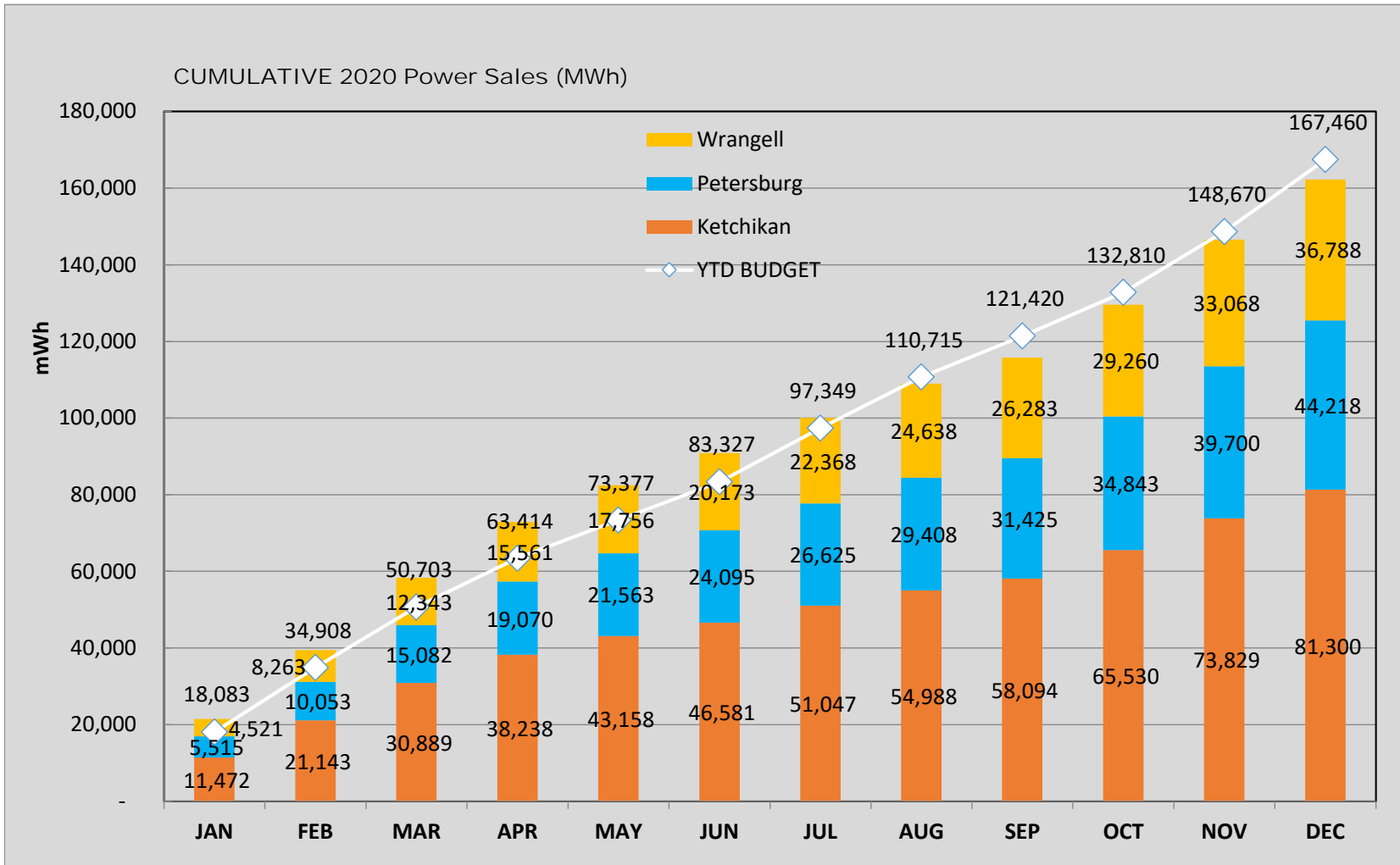
DEC 2020	2020 kWh HYDROPOWER SALES	CURRENT MONTH		YTD	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	7,470,976	10,020,003	81,299,877	88,064,130
Petersburg Power Purchases	4,518,309	4,816,602	44,218,390	42,481,189	
Wrangell Power Purchases	3,720,020	3,953,249	36,787,910	36,914,876	
<b>Total Power Purchases</b>	<b>15,709,305</b>	<b>18,789,854</b>	<b>162,306,177</b>	<b>167,460,195</b>	



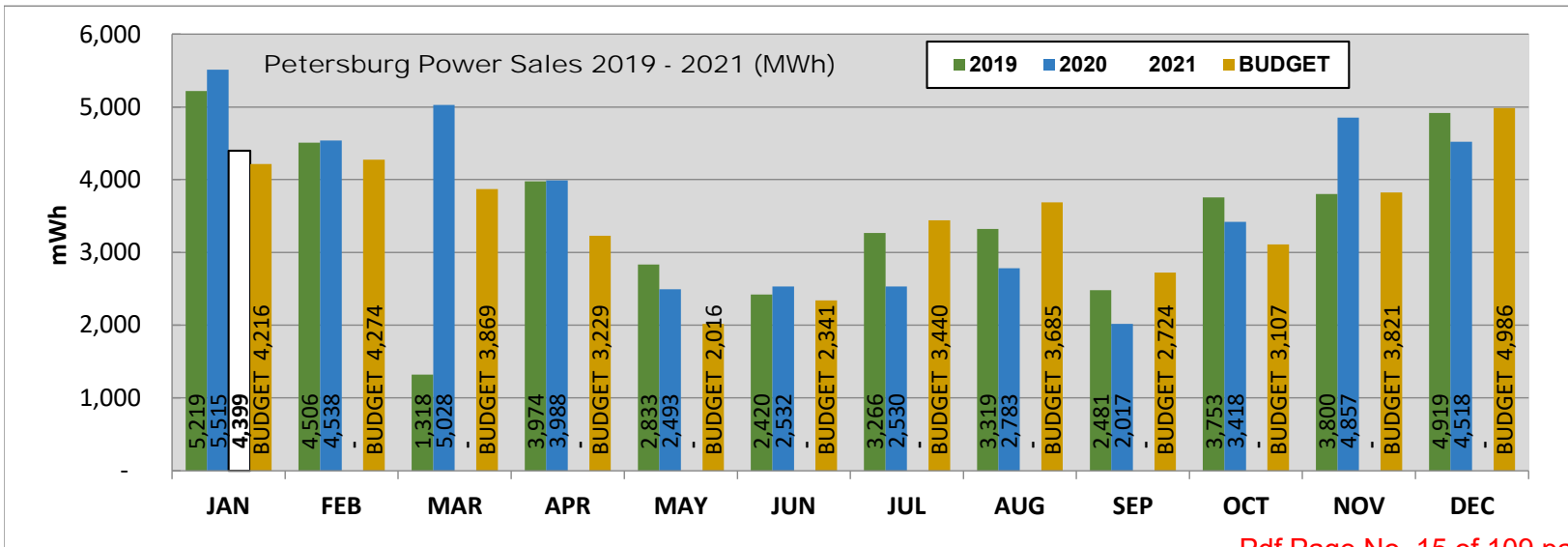
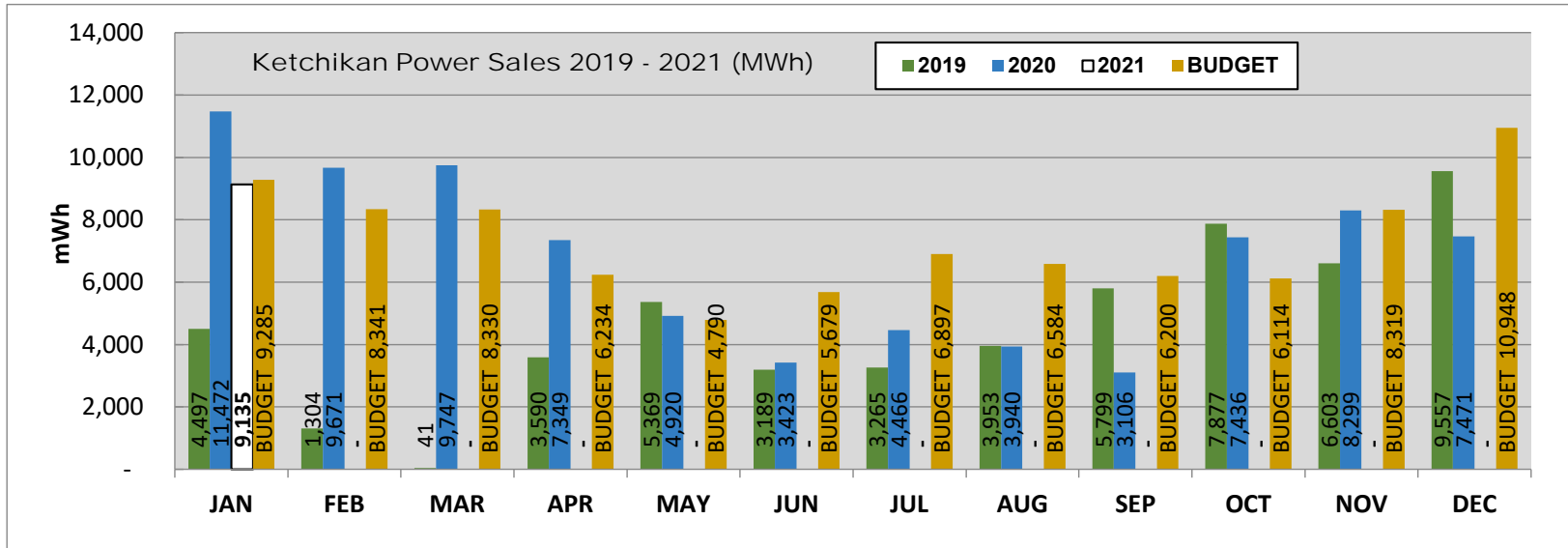
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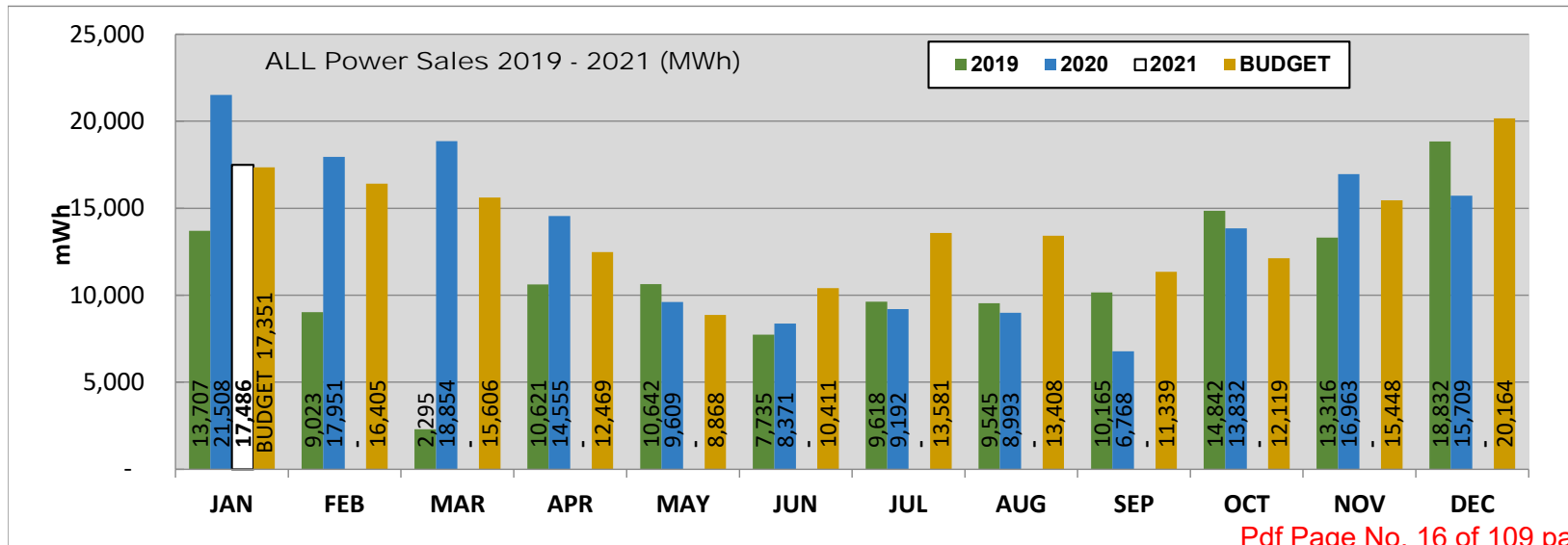
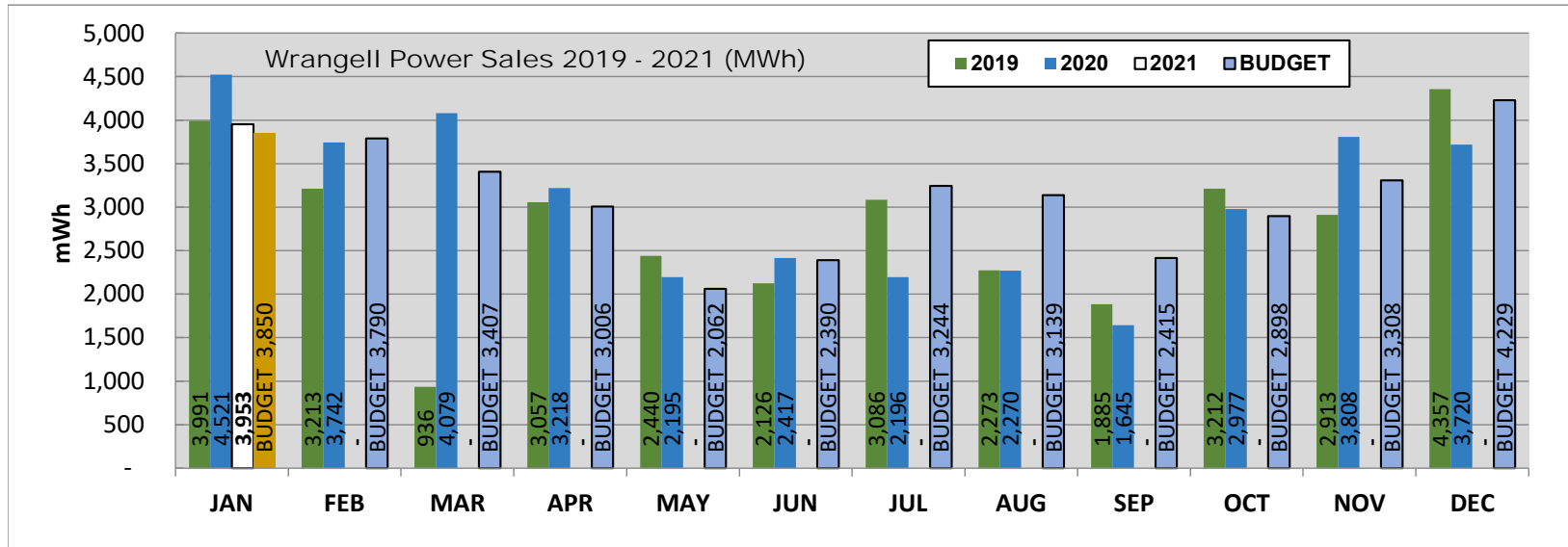
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		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	9,134,592	9,284,887	11,472,128	9,284,887
Petersburg Power Purchases	4,399,043	4,215,589	5,514,735	4,215,589	
Wrangell Power Purchases	3,952,650	3,850,126	4,521,220	3,850,126	
<b>Total Power Purchases</b>	<b>17,486,285</b>	<b>17,350,602</b>	<b>21,508,083</b>	<b>17,350,602</b>	

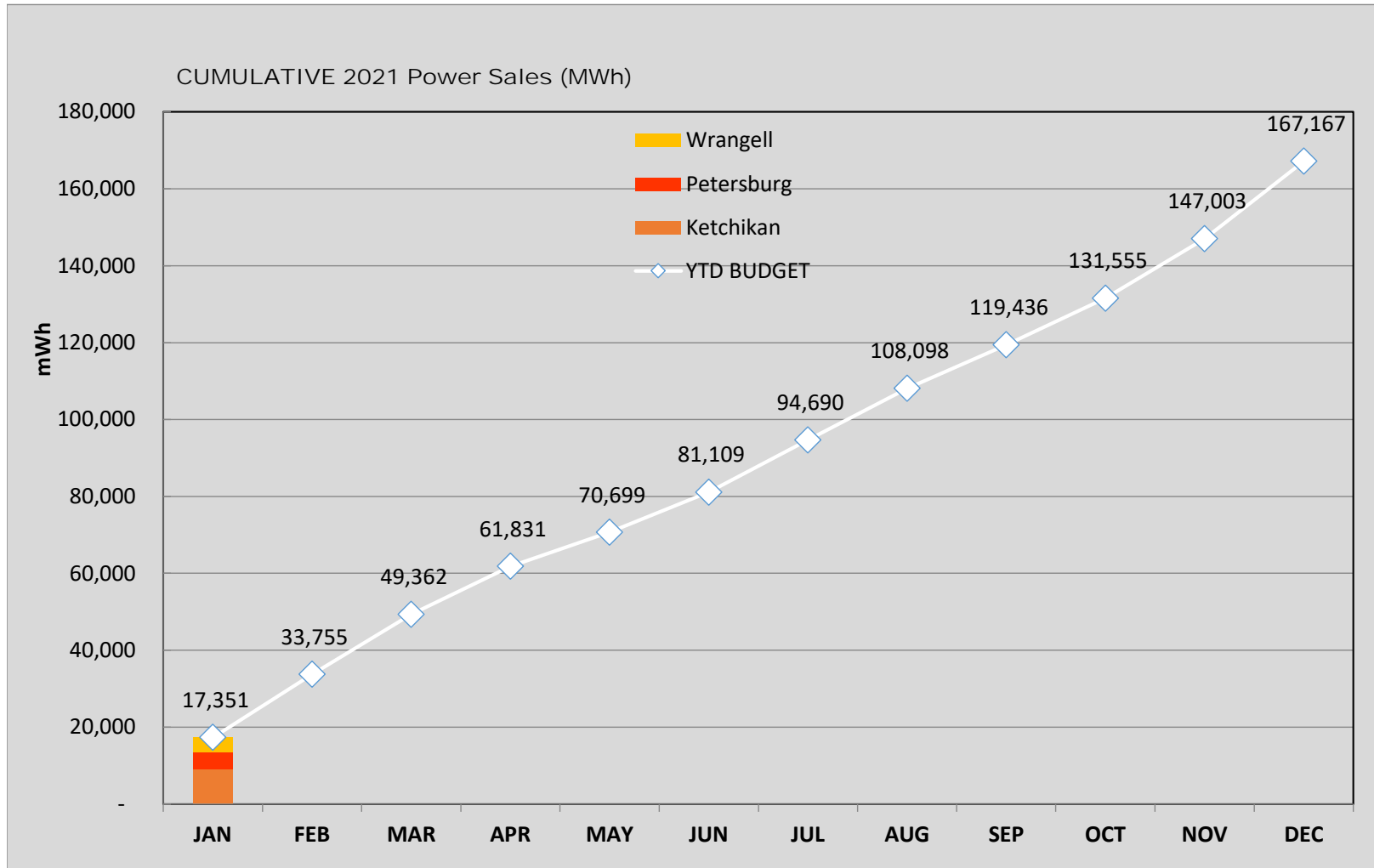


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DEC 2020

Operations, Capital and Insurance Funds

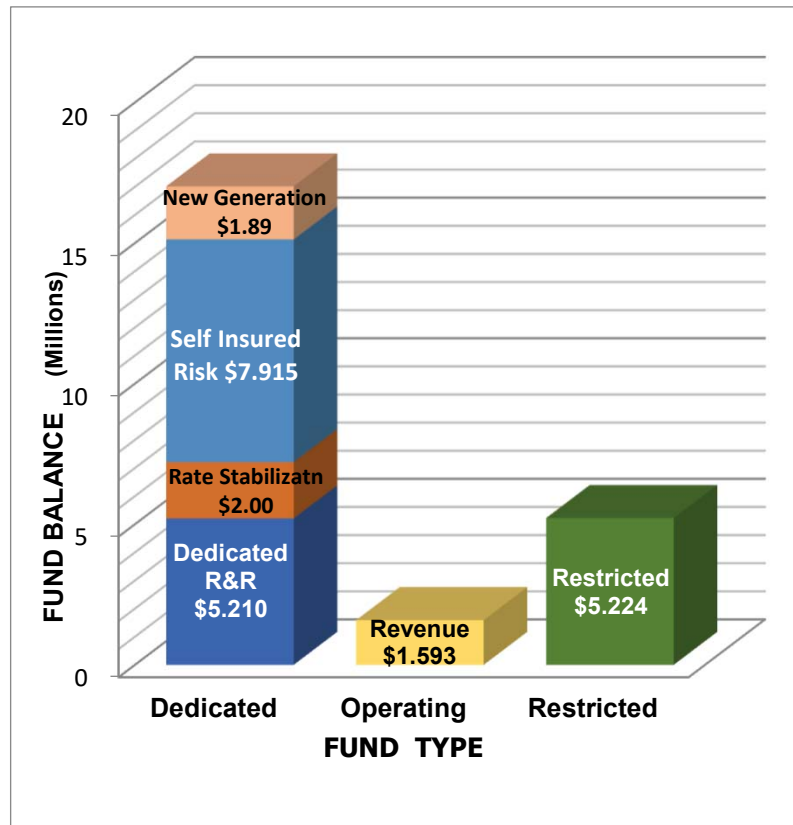
Revenue Fund	\$ 1,592,173
Checking	1,000
Dedicated R&R Projects Fund	5,210,017
New Generation Fund	1,888,137
Rate Stabilization Fund	2,002,803
Self Insured Risk Fund	7,915,403
<b>Total Operations, Capital and Insurance Funds</b>	<b>18,609,534</b>

Trustee Funds

2015 Series Bond Interest	\$ 64
2015 Series Bond Reserve	205,312
2019 Series Bond Interest	14,460
2019 Series Bond Principal	470,001
2019 Series Bond Reserve	1,264,186
<b>Total Trustee Funds</b>	<b>1,954,024</b>

Other Restricted Funds

STI - USFS CD	\$ 21,636
DNR Reclamation Fund	1,268,441
Required R&R Fund	1,000,533
<b>Total Other Restricted Funds</b>	<b>2,290,610</b>
<b>Total Agency Funds</b>	<b>\$ 22,854,167</b>



**RR20349 - Submarine Cable Funding:**  
 Prior to bonding or establishing another financial instrument to fund the Submarine Cable replacement project, expenditures will be paid from the Self Insured Risk Fund, the Rate Stabilization Fund, the Dedicated R&R Fund, and then the Revenue Fund, respectively. This project has a total budget of \$13,154,593 and is scheduled for completion in 2021. The first three milestone payments, totaling \$1.393M, were funded by the Self-Insured Risk Fund, paid in February 2021, and are not reflected in the December graph.

**Dedicated Funds**

- New Generation = Project feasibility funding (hydro, wind, geothermal)
- Self-Insured Risk = Coverage for uninsured transmission lines, submarine cables and insurance deductibles.
- Rate Stabilization Fund = Reserve Fund governed by the Rate Stabilization Fund Policy.
- Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the budget.

**Operating Funds**

Revenue Fund & Commercial Checking: All SEAPA income is deposited to the Revenue Fund as required by Bond Indentures and transferred to checking as needed to cover expenditures.

**Restricted Funds (Legally or contractually restricted)**

- 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 (50% SEAPA and 50% held in trust for Copper Valley and Kodiak)
- USFS = USFS Land Remediation Certificate of Deposit

**SOUTHEAST ALASKA POWER AGENCY  
Grant Billing Summary**

**AK DCCED GRANT 13-DC-553**

through DECEMBER, 2020

**QUARTERLY BILLING**

<b>FY20 Grant Billing</b>	<b>Grant Budget</b>	<b>Billing thru FY20</b>	<b>Open Balance</b>
1 - Hydro Storage	578,000	578,000	-
2 - G&T Site Evaluation	2,109,092	1,772,359	336,733
3 - Stability / Interconnecti	-	-	-
4 - Load Balance Model	9,181	9,181	-
5 - Project Mgmt	255,712	255,712	-
6 - Business Analysis / PSA	48,015	48,015	-
<b>Total FY13 AK DCCED</b>	<b>3,000,000</b>	<b>2,663,267</b>	<b>336,733</b>

Mar-20	Jun-20	Sep-20	Dec-20	Jan-Dec
-	-	-	-	-
14,867	32,208	2,723	1,721	51,518
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
14,867	32,208	2,723	1,721	51,518.42

This grant is billed to the DCCED for reimbursement on a quarterly basis and has been extended to June 30, 2021. Staff is currently applying to extend the grant to June 30, 2022. Progress on grant-related projects were delayed in 2020 due to travel restrictions and a shift in focus to submarine cable-related issues.



## DECEMBER 2020 YTD FINANCIAL OVERVIEW

### OPERATING REVENUE

FIRM kWh SALES	JAN-DEC 2020	Budget	Prior Year
Ketchikan	\$5,528,392	\$5,988,361	\$3,742,973
Petersburg	3,006,851	2,888,721	2,842,988
Wrangell	2,501,578	2,510,212	2,277,326
<b>Total Revenue</b>	<b>\$11,036,821</b>	<b>\$11,387,294</b>	<b>\$8,863,288</b>

2019 Sales were low due to drought conditions. An \$842K diesel payment to Petersburg and Wrangell (not reflected in these figures) further reduced 2019 Net Revenue.

In addition to the kWh sales detailed above, \$633,508 was billed to Ketchikan for displaced sales in 2020 as part of the annual Whitman True-up; the true-up was \$0 in 2019.

### OPERATING EXPENSES

	JAN-DEC 2020	Budget	Prior Year
Hydro Facilities	\$2,343,432	\$2,751,850	\$2,411,974
Transmission	1,370,189	1,670,400	1,464,808
G&A	2,783,125	2,895,475	2,683,657
<b>Total Ops Exp</b>	<b>\$6,496,746</b>	<b>\$7,317,725</b>	<b>\$6,560,439</b>

### MWH TREND

Year-to-Date MWH SALES		MWH Thousands
Year	MWH	
Dec-20	162,306	
Dec-19	130,342	
Dec-18	175,622	
Dec-17	182,088	
Dec-16	168,147	

2019 drought.

Southeast Alaska Power Agency

**\*Statement of Financial Position**

as of **December 31, 2020**

	Month Ending <b>12/31/20</b>	Month Ending <b>12/31/19</b>
<b>Assets</b>		
<b>Current Assets</b>		
<b>Agency Funds</b>		
Operating & Reserve Funds	18,609,534	18,247,286
Restricted Trustee Funds	1,954,024	2,058,105
Restricted Other Funds	<u>2,290,611</u>	<u>2,212,412</u>
<b>Total Agency Funds</b>	<b>22,854,168</b>	<b>22,517,802</b>
<b>Accounts Receivable</b>		
1100-001 - Accounts Receivable	2,855,337	1,729,611
1100-002 - Grants Receivable	1,721	61,163
1100-003 - Other Misc Receivable	<u>5,800</u>	<u>5,800</u>
<b>Total Accounts Receivable</b>	<b>2,862,858</b>	<b>1,796,574</b>
<b>Other Current Assets</b>		
<b>Accrued Interest Receivable</b>		
1200-102 - Accrued Interest Receivable	<u>37,399</u>	<u>47,863</u>
<b>Total Accrued Interest Receivable</b>	<b>37,399</b>	<b>47,863</b>
<b>Prepaid Fees</b>		
1200-201 - Prepaid FERC Fees	-	43,592
1200-202 - Prepaid Insurance	468,782	393,643
1200-203 - Prepaid Operating Expense	237,512	179,200
1200-206 - Prepaid Admin Group Ben	10,211	-
1200-207 - Prepaid Admin Retirement	<u>14,588</u>	<u>-</u>
<b>Total Prepaid Fees</b>	<b>731,093</b>	<b>616,434</b>
<b>Inventory Assets</b>		
1200-300 - Inventory Spares-Stores	225,052	196,129
1200-301 - Inventory SWL Winding Replace	890,405	890,405
1200-302 - Inventory Flashboard Kickers	<u>439,456</u>	<u>439,456</u>
<b>Total Inventory Assets</b>	<b>1,554,913</b>	<b>1,525,990</b>
<b>Total Other Current Assets</b>	<b>2,323,404</b>	<b>2,190,288</b>
<b>Total Current Assets</b>	<b>28,040,430</b>	<b>26,504,664</b>
<b>Capital Assets</b>		
<b>Capital Assets</b>		
1300-100 - Swan Lake Capital Assets	33,697,352	32,614,772
1300-200 - Tye Lake Capital Assets	33,232,015	32,705,407
1300-300 - Swan-Tye Intertie Capital Assets	114,974,970	114,974,970
1300-400 - Ketchikan Capital Assets	<u>1,442,330</u>	<u>1,379,333</u>
<b>Total Capital Assets</b>	<b>183,346,667</b>	<b>181,674,482</b>
<b>R&amp;R WIP Capital Projects</b>		
1320-100 - WIP Swan Lake	388,761	226,069
1320-200 - WIP Tye Lake	446,484	22,574
1320-300 - WIP Swan-Tye Intertie	118,817	-
1320-400 - WIP Ketchikan	<u>87,949</u>	<u>64,228</u>
<b>Total R&amp;R WIP Capital Projects</b>	<b>1,042,011</b>	<b>312,871</b>
<b>Accumulated Depreciation</b>	<b>(57,151,524)</b>	<b>(52,294,292)</b>
<b>Total Capital Assets</b>	<b>127,237,153</b>	<b>129,693,062</b>
<b>Deferred Assets (Feasibility)</b>		
1830-004 - Tye Marine Access	-	6,975
1830-006 - New Generation Integration	7,021	4,505
1830-007 - 2019 Bond Gain on 2009 Refund	77,559	100,259
1830-008 - Submarine Cable Stikine Strait	<u>-</u>	<u>25,655</u>
<b>Total Feasibility</b>	<b>84,580</b>	<b>137,394</b>
<b>Total Assets</b>	<b>155,362,163</b>	<b>156,335,120</b>

**\*Statement of Financial Position**as of **December 31, 2020**

	Month Ending <b>12/31/20</b>	Month Ending <b>12/31/19</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2100-001 - Accounts Payable General	210,861	366,831
<b>Total Accounts Payable</b>	<b>210,861</b>	<b>366,831</b>
<b>Other Current Liabilities</b>		
2100-301 - Other Current Liabilities	29,853	9,255
2100-304 - Reserve Interest Payable	14,460	46,233
2100-340 - Wages Payable	168,321	75,270
2100-341 - PTO Payable	235,782	186,040
<b>Total Other Current Liabilities</b>	<b>448,415</b>	<b>316,798</b>
<b>Payroll Liabilities</b>	17,822	90,673
<b>Total Current Liabilities</b>	<b>677,098</b>	<b>774,301</b>
<b>Long Term Liabilities</b>		
2200-001 - PERS Unfunded Liability WRG	757,332	837,290
2200-002 - DNR Fund CVEA KEA Liability	634,220	595,235
2200-202 - Series 2015 Bonds	10,295,000	10,295,000
2200-203 - Series 2019 Bonds	3,475,000	4,245,000
2200-302 - 2015 Bond Issuance Premium	683,641	738,699
2200-303 - 2019 Bond Issuance Premium	272,557	342,140
<b>Total Long Term Liabilities</b>	<b>16,117,749</b>	<b>17,053,364</b>
<b>Total Liabilities</b>	<b>16,794,847</b>	<b>17,827,666</b>
<b>Net Position</b>		
3100-001 - Net Investment Capital Assets	112,588,515	114,172,481
3100-002 - Restricted for Debt Service	1,466,438	1,469,099
3100-003 - Restricted by External Agreement	1,290,078	1,212,104
3100-004 - Unrestricted	23,162,423	21,243,928
<b>Total Net Position</b>	<b>138,507,454</b>	<b>138,097,613</b>
<b>Change in Net Position</b>	<b>59,862</b>	<b>409,841</b>
<b>Total Net Position</b>	<b>138,567,316</b>	<b>138,507,454</b>
<b>Total Liabilities and Net Position</b>	<b>155,362,163</b>	<b>156,335,120</b>

\* Prior-Year Comparison: In 2019, SEAPA actually closed books for the fiscal year ended June 30 and the six-month period ended December 31.

Southeast Alaska Power Agency

**Statement of Activities - Budget YTD**

**Year To Date as of December 31, 2020**

	YTD FY20	YTD BUDGET	VARIANCE % of Budget	YTD FY19	ANNUAL FY20 Budget
<b>OPERATING REVENUE</b>					
400 - Hydro Facility Revenues	11,670,328	11,387,294	2.48 %	8,021,503	11,387,294
454 - Rent-Electric Property	4,896	-	100.00 %	2,448	-
Total Operating Revenue	11,675,223	11,387,294	2.53 %	8,023,950	11,387,294
<b>Net Operating Revenue</b>	<b>11,675,223</b>	<b>11,387,294</b>	<b>2.53 %</b>	<b>8,023,950</b>	<b>11,387,294</b>
<b>OPERATING EXPENSE</b>					
<b>HYDRO FACILITY O&amp;M</b>					
535 - Operations Supervision	23,837	116,500	-80%	61,681	116,500
537 - Hydraulic Expense	11,653	10,000	17%	11,979	10,000
538 - Electric Expenses	30,692	103,400	-70%	43,537	103,400
539 - Operations Misc Expense	396,059	529,000	-25%	356,961	529,000
540 - Rents	164,313	186,500	-12%	161,842	186,500
541 - Hydro Power Station Maintenance	38,648	51,000	-24%	67,075	51,000
543 - Dams Reservoirs Waterways	7,714	17,750	-57%	55,301	17,750
544 - Electric Plant Wages-Benefits	1,553,024	1,600,000	-3%	1,526,693	1,600,000
545 - Nonproduction Plant Maintenance	73,698	55,700	32%	62,894	55,700
561 - Control System Maintenance	43,795	82,000	-47%	64,010	82,000
<b>Total Hydro Facility Expense</b>	<b>2,343,432</b>	<b>2,751,850</b>	<b>-15%</b>	<b>2,411,974</b>	<b>2,751,850</b>
<b>TRANSMISSION O&amp;M</b>					
562 - Substation Expense	75,812	97,050	-22%	44,719	97,050
564 - XMSN Submarine Cable Expense	40,296	119,600	-66%	528,255	119,600
571 - XMSN Overhead Lines Expense	1,254,081	1,453,750	-14%	891,834	1,453,750
<b>Total Transmission Expense</b>	<b>1,370,189</b>	<b>1,670,400</b>	<b>-18%</b>	<b>1,464,808</b>	<b>1,670,400</b>
<b>GENERAL &amp; ADMIN EXPENSE</b>					
920 - Admin Wages-Benefits	1,616,441	1,583,000	2.11 %	1,507,451	1,583,000
921 - Office Expenses	162,773	191,850	(15.15) %	152,838	191,850
923 - Professional Services	232,132	316,700	(26.70) %	298,824	316,700
924 - Insurance	481,141	475,000	1.29 %	415,585	475,000
928 - Regulatory Commission Expense	103,831	94,000	10.45 %	100,398	94,000
930 - General Expense	107,476	155,325	(30.80) %	120,804	155,325
931 - Admin Rent	79,330	79,600	(0.33) %	87,758	79,600
<b>Total G&amp;A Expense</b>	<b>2,783,125</b>	<b>2,895,475</b>	<b>(4.22) %</b>	<b>2,683,657</b>	<b>2,895,475</b>
<b>Total Operating Expense</b>	<b>6,496,746</b>	<b>7,317,725</b>	<b>(12.16) %</b>	<b>6,560,439</b>	<b>7,317,725</b>
<b>NET OPERATING REVENUE/(EXPENSE)</b>	<b>5,178,478</b>	<b>4,069,569</b>		<b>1,463,511</b>	<b>4,069,569</b>
<b>Nonoperating Revenue/(Expense)</b>					
<b>Nonoperating Income</b>					
941 - Grant Income	51,518				
942 - Interest Income Misc	185,438				
944 - Gain/(Loss) Investments	107,601				
946 - Misc Nonoperating Income	102				
<b>Total Nonoperating Income</b>	<b>344,659</b>				
<b>Nonoperating Expense</b>					
951 - Interest Expense	-				
952 - Bond Interest Expense	546,973				
953 - Depreciation Expense	4,857,233				
954 - Grant Expense	51,269				
955 - Misc Nonoperating Expense	7,800				
<b>Total Nonoperating Expense</b>	<b>5,463,275</b>				
<b>Total Nonoperating Revenue/(Expense)</b>	<b>(5,118,616)</b>				
<b>Change in Net Position</b>	<b>59,862</b>				

*Prior-Year Comparison: In 2019, SEAPA actually closed books for the fiscal year ended June 30 and the six-month period ended December 31.*

*1 FERC 400 - FY19 Sales \$4.9M less \$841K diesel reimbursement to PSG & WRG*

*2 FERC 564 - Submarine cable inspection in FY19.*

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>OPERATING REVENUE</b>										
<b>400 - Hydro Facility Revenues</b>										
4000-401 Hydropower Sales Ketchikan	5,528,392	5,988,361	5,528,392	5,988,361	-	-	-	-	-	-
4000-402 Hydropower Sales Petersburg	3,006,851	2,888,721	3,006,851	2,888,721	-	-	-	-	-	-
4000-403 Hydropower Sales Wrangell	2,501,578	2,510,212	2,501,578	2,510,212	-	-	-	-	-	-
4000-421 Displacewd Power Ketchikan	633,508	-	633,508	-	-	-	-	-	-	-
<b>Total 400 - Hydro Facility Revenues</b>	<b>11,670,328</b>	<b>11,387,294</b>	<b>11,670,328</b>	<b>11,387,294</b>	-	-	-	-	-	-
<b>454 - Rent-Electric Property</b>										
4540-451 Rent Electric Property	4,896	-	4,896	-	-	-	-	-	-	-
<b>Total 454 - Rent-Electric Property</b>	<b>4,896</b>	<b>-</b>	<b>4,896</b>	<b>-</b>	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>11,675,223</b>	<b>11,387,294</b>	<b>11,675,223</b>	<b>11,387,294</b>	-	-	-	-	-	-
<b>OPERATING EXPENSE</b>										
<b>535 - Operations Supervision</b>										
0310 Contractor	10,053	100,000	-	-	9,808	44,500	245	55,500	-	-
0390 Software	89	3,000	-	-	-	1,500	89	1,500	-	-
0610 Office Equipment	949	1,000	-	-	460	500	489	500	-	-
0730 Office Supplies	1,508	2,000	-	-	709	1,000	799	1,000	-	-
0800 Materials-Minor Equip	9,236	10,500	-	-	9,236	8,000	-	2,500	-	-
0840 Furnishings	2,001	-	-	-	-	-	2,001	-	-	-
<b>Total 535 - Operations Supervision</b>	<b>23,837</b>	<b>116,500</b>	-	-	<b>20,213</b>	<b>55,500</b>	<b>3,623</b>	<b>61,000</b>	-	-
<b>537 - Hydraulic Expense</b>										
0330 Helicopters	8,665	8,000	-	-	4,859	4,000	3,806	4,000	-	-
0800 Materials-Minor Equip	2,988	2,000	-	-	2,988	1,000	-	1,000	-	-
<b>Total 537 - Hydraulic Expense</b>	<b>11,653</b>	<b>10,000</b>	-	-	<b>7,847</b>	<b>5,000</b>	<b>3,806</b>	<b>5,000</b>	-	-
<b>538 - Electric Expenses</b>										
0310 Contractor	5,066	59,000	-	-	3,706	12,000	1,359	47,000	-	-
0740 Operating Supplies	4,727	15,000	-	-	4,632	7,500	95	7,500	-	-
0800 Materials-Minor Equip	19,003	23,000	-	-	11,738	7,500	7,265	15,500	-	-
0850 Tools	1,896	6,400	-	-	743	3,200	1,153	3,200	-	-
<b>Total 538 - Electric Expenses</b>	<b>30,692</b>	<b>103,400</b>	-	-	<b>20,819</b>	<b>30,200</b>	<b>9,873</b>	<b>73,200</b>	-	-



Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>539 - Operations Misc Expense</b>										
0190 Medical	525	-	-	-	-	-	525	-	-	-
0300 Communication Services	116,823	116,000	-	-	14,027	14,000	102,795	102,000	-	-
0310 Contractor	12,795	35,600	-	-	5,661	23,600	7,133	12,000	-	-
0320 Flights	76,869	120,000	-	-	22,441	60,000	54,429	60,000	-	-
0330 Helicopters	6,561	-	-	-	-	-	6,561	-	-	-
0373 Rent-Other	1,328	2,000	-	-	1,328	2,000	-	-	-	-
0390 Software	4,800	-	-	-	2,400	-	2,400	-	-	-
0401 Training-Pro-Tech	16,502	45,000	-	-	7,264	22,500	9,238	22,500	-	-
0402 Training-Safety	37,419	76,000	-	-	22,434	35,000	14,985	41,000	-	-
0410 Transport-Other	11,527	30,000	-	-	3,015	15,000	8,512	15,000	-	-
0420 Utilities	799	900	-	-	799	900	-	-	-	-
0600 Phones, Radios, Video	8,621	3,000	-	-	5,661	-	2,960	3,000	-	-
0620 Satellite Hardware	1,835	-	-	-	1,835	-	-	-	-	-
0700 Clothing	1,228	-	-	-	978	-	250	-	-	-
0710 Food, Meals	3,507	5,500	-	-	257	2,000	3,250	3,500	-	-
0740 Operating Supplies	4,009	8,000	-	-	1,192	1,000	2,817	7,000	-	-
0750 Safety	28,900	20,000	-	-	16,929	10,000	11,970	10,000	-	-
0800 Materials-Minor Equip	3,646	1,500	-	-	52	1,000	3,594	500	-	-
0810 Rolling Stock Maint	24,534	8,500	-	-	8,334	6,000	16,200	2,500	-	-
0811 Marine Vessel Maint	3,719	2,000	-	-	3,666	2,000	53	-	-	-
0820 Fuels and Oils	21,154	34,000	-	-	10,469	22,000	10,685	12,000	-	-
0830 Fuels and Oils - Marine	8,485	21,000	-	-	5,591	6,000	2,894	15,000	-	-
0850 Tools	551	-	-	-	447	-	104	-	-	-
<b>Total 539 - Operations Misc Expense</b>	<b>396,136</b>	<b>529,000</b>	-	-	<b>134,782</b>	<b>223,000</b>	<b>261,355</b>	<b>306,000</b>	-	-
<b>540 - Rents</b>										
0010 Other Regulatory	334	20,000	-	-	-	-	-	-	334	20,000
0030 FERC Land Use	58,193	58,400	-	-	12,517	12,600	45,676	45,800	-	-
0050 USFS Land Use	105,786	108,100	-	-	-	-	27,674	30,100	78,112	78,000
<b>Total 540 - Rents</b>	<b>164,313</b>	<b>186,500</b>	-	-	<b>12,517</b>	<b>12,600</b>	<b>73,350</b>	<b>75,900</b>	<b>78,445</b>	<b>98,000</b>
<b>541 - Hydro Power Station Maintenance</b>										
0310 Contractor	200	10,000	-	-	200	5,000	-	5,000	-	-
0740 Operating Supplies	12,251	10,000	-	-	6,120	5,000	6,130	5,000	-	-
0750 Safety	330	-	-	-	330	-	-	-	-	-
0800 Materials-Minor Equip	11,197	10,000	-	-	9,996	5,000	1,201	5,000	-	-
0850 Tools	14,670	21,000	-	-	1,381	6,000	13,289	15,000	-	-
<b>Total 541 - Hydro Power Station Maintenance</b>	<b>38,648</b>	<b>51,000</b>	-	-	<b>18,028</b>	<b>21,000</b>	<b>20,620</b>	<b>30,000</b>	-	-

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>543 - Dams Reservoirs Waterways</b>										
0330 Helicopters	2,951	7,000	-	-	-	-	2,951	7,000	-	-
0740 Operating Supplies	27	3,500	-	-	27	1,500	-	2,000	-	-
0800 Materials-Minor Equip	4,736	4,000	-	-	3,743	1,500	993	2,500	-	-
0820 Fuels and Oils	-	250	-	-	-	-	-	250	-	-
0850 Tools	-	3,000	-	-	-	-	-	3,000	-	-
<b>Total 543 - Dams Reservoirs Waterways</b>	<b>7,714</b>	<b>17,750</b>	<b>-</b>	<b>-</b>	<b>3,770</b>	<b>3,000</b>	<b>3,944</b>	<b>14,750</b>	<b>-</b>	<b>-</b>
<b>544 - Electric Plant Wages-Benefits</b>										
0110 Wages / PTO	1,021,513	1,013,000	-	-	552,164	521,000	469,350	492,000	-	-
* 0110-001 Wages C19 202003	6,898	-	-	-	3,449	-	3,449	-	-	-
* 0110-002 Wages C19 FFCRA Credits	(8,864)	-	-	-	(4,753)	-	(4,111)	-	-	-
0120 OT	194,044	152,000	-	-	70,731	84,000	123,313	68,000	-	-
0140 Taxes	91,640	98,000	-	-	47,544	51,000	44,097	47,000	-	-
0140-001 Mcr Tax Credit FFCRA	(129)	-	-	-	(57)	-	(72)	-	-	-
0150 H&W	194,157	200,000	-	-	98,569	111,000	95,588	89,000	-	-
0160 Retirement	136,321	137,000	-	-	69,810	76,000	66,511	61,000	-	-
0170 Capx-Grants	(82,558)	-	-	-	(68,553)	-	(14,005)	-	-	-
<b>Total 544 - Electric Plant Wages-Benefits</b>	<b>1,553,024</b>	<b>1,600,000</b>	<b>-</b>	<b>-</b>	<b>768,905</b>	<b>843,000</b>	<b>784,119</b>	<b>757,000</b>	<b>-</b>	<b>-</b>
<b>545 - Nonproduction Plant Maintenance</b>										
0310 Contractor	19,441	500	-	-	8,063	500	11,378	-	-	-
0373 Rent-Other	3,852	4,000	-	-	3,852	4,000	-	-	-	-
0410 Transport-Other	-	30,000	-	-	-	15,000	-	15,000	-	-
0740 Operating Supplies	8,470	14,600	-	-	1,338	5,500	7,132	9,100	-	-
0800 Materials-Minor Equip	8,190	500	-	-	1,399	-	6,791	500	-	-
0810 Rolling Stock Maint	650	500	-	-	-	-	650	500	-	-
0820 Fuels and Oils	332	-	-	-	-	-	332	-	-	-
0830 Fuels and Oils - Marine	359	-	-	-	-	-	359	-	-	-
0840 Furnishings	31,336	2,800	-	-	15,751	2,500	15,585	300	-	-
0850 Tools	1,068	2,800	-	-	-	300	1,068	2,500	-	-
<b>Total 545 - Nonproduction Plant Maintenance</b>	<b>73,698</b>	<b>55,700</b>	<b>-</b>	<b>-</b>	<b>30,404</b>	<b>27,800</b>	<b>43,294</b>	<b>27,900</b>	<b>-</b>	<b>-</b>
<b>561 - Control System Maintenance</b>										
0310 Contractor	42,194	78,000	-	-	19,936	39,000	22,258	39,000	-	-
0350 Licenses-Permits	-	4,000	-	-	-	2,000	-	2,000	-	-
0390 Software	678	-	-	-	339	-	339	-	-	-
0610 Office Equipment	35	-	-	-	35	-	-	-	-	-
0800 Materials-Minor Equip	888	-	-	-	-	-	888	-	-	-
<b>Total 561 - Control System Maintenance</b>	<b>43,795</b>	<b>82,000</b>	<b>-</b>	<b>-</b>	<b>20,310</b>	<b>41,000</b>	<b>23,485</b>	<b>41,000</b>	<b>-</b>	<b>-</b>

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>562 - Substation Expense</b>										
0300 Communication Services	5,707	6,500	-	-	-	-	5,707	6,500	-	-
0310 Contractor	33,264	64,850	-	-	625	-	32,639	64,850	-	-
0320 Flights	4,246	5,000	-	-	-	-	4,246	5,000	-	-
0360 Lodging	-	700	-	-	-	-	-	700	-	-
0373 Rent-Other	1,822	-	-	-	806	-	1,016	-	-	-
0420 Utilities	11,654	12,000	-	-	-	-	11,654	12,000	-	-
0710 Food, Meals	-	300	-	-	-	-	-	300	-	-
0740 Operating Supplies	2,222	1,500	-	-	96	-	2,126	1,500	-	-
0800 Materials-Minor Equip	3,985	5,500	-	-	3,790	5,000	195	500	-	-
0820 Fuels and Oils	12,440	200	-	-	1,221	-	11,219	200	-	-
0850 Tools	396	500	-	-	396	-	-	500	-	-
<b>Total 562 - Substation Expense</b>	<b>75,735</b>	<b>97,050</b>	-	-	<b>6,933</b>	<b>5,000</b>	<b>68,802</b>	<b>92,050</b>	-	-
<b>564 - XMSN Submarine Cable Expense</b>										
0310 Contractor	38,250	110,000	-	-	-	-	38,250	110,000	-	-
0330 Helicopters	1,454	-	-	-	-	-	1,454	-	-	-
0410 Transport-Other	-	4,000	-	-	-	-	-	4,000	-	-
0600 Phones, Radios, Video	58	-	-	-	-	-	58	-	-	-
0740 Operating Supplies	534	1,000	-	-	-	-	534	1,000	-	-
0800 Materials-Minor Equip	-	2,200	-	-	-	-	-	2,200	-	-
0830 Fuels and Oils - Marine	-	800	-	-	-	-	-	800	-	-
0850 Tools	-	1,600	-	-	-	-	-	1,600	-	-
<b>Total 564 - XMSN Submarine Cable Expense</b>	<b>40,296</b>	<b>119,600</b>	-	-	-	-	<b>40,296</b>	<b>119,600</b>	-	-

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>571 - XMSN Overhead Lines Expense</b>										
0110 Wages / PTO	117,653	112,000	117,653	112,000	-	-	-	-	-	-
* 0110-001 Wages C19 202003	2,759	-	2,759	-	-	-	-	-	-	-
0120 OT	272	12,000	272	12,000	-	-	-	-	-	-
0140 Taxes	9,943	12,000	9,943	12,000	-	-	-	-	-	-
0150 H&W	21,573	23,000	21,573	23,000	-	-	-	-	-	-
0160 Retirement	13,822	16,000	13,822	16,000	-	-	-	-	-	-
0300 Communication Services	1,345	-	1,345	-	-	-	-	-	-	-
0310 Contractor	750,756	1,163,150	-	-	285,401	310,550	188,062	424,500	277,293	428,100
0320 Flights	4,413	6,000	4,413	6,000	-	-	-	-	-	-
0330 Helicopters	50,550	70,000	50,550	70,000	-	-	-	-	-	-
0360 Lodging	6,154	10,500	6,154	10,500	-	-	-	-	-	-
0373 Rent-Other	1,429	1,500	1,429	1,500	-	-	-	-	-	-
0380 ROW Clearing	254,000	-	-	-	-	-	167,500	-	86,500	-
0402 Training-Safety	129	-	129	-	-	-	-	-	-	-
0410 Transport-Other	2,583	1,500	2,583	1,500	-	-	-	-	-	-
0420 Utilities	919	1,000	919	1,000	-	-	-	-	-	-
0700 Clothing	529	-	529	-	-	-	-	-	-	-
0710 Food, Meals	1,882	6,500	1,882	6,500	-	-	-	-	-	-
0740 Operating Supplies	3,681	7,500	3,681	7,500	-	-	-	-	-	-
0750 Safety	1,149	-	1,149	-	-	-	-	-	-	-
0800 Materials-Minor Equip	869	1,700	869	1,700	-	-	-	-	-	-
0810 Rolling Stock Maint	143	-	143	-	-	-	-	-	-	-
0811 Marine Vessel Maint	2,750	2,600	2,750	2,600	-	-	-	-	-	-
0820 Fuels and Oils	1,100	1,800	1,100	1,800	-	-	-	-	-	-
0830 Fuels and Oils - Marine	2,180	5,000	2,180	5,000	-	-	-	-	-	-
0850 Tools	1,499	-	1,499	-	-	-	-	-	-	-
<b>Total 571 - XMSN Overhead Lines Expense</b>	<b>1,254,081</b>	<b>1,453,750</b>	<b>249,324</b>	<b>290,600</b>	<b>285,401</b>	<b>310,550</b>	<b>355,562</b>	<b>424,500</b>	<b>363,793</b>	<b>428,100</b>

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>920 - Admin Wages-Benefits</b>										
0110 Wages / PTO	948,785	916,000	948,785	916,000	-	-	-	-	-	-
* 0110-002 Wages C19 FFCRA Credits	(539)	-	(539)	-	-	-	-	-	-	-
0120 OT	666	2,000	666	2,000	-	-	-	-	-	-
0140 Taxes	67,409	65,000	67,409	65,000	-	-	-	-	-	-
0140-001 Mcr Tax Credit FFCRA	(8)	-	(8)	-	-	-	-	-	-	-
0150 H&W	222,540	222,000	222,540	222,000	-	-	-	-	-	-
0160 Retirement	377,589	378,000	377,589	378,000	-	-	-	-	-	-
<b>Total 920 - Admin Wages-Benefits</b>	<b>1,616,441</b>	<b>1,583,000</b>	<b>1,616,441</b>	<b>1,583,000</b>	-	-	-	-	-	-
<b>921 - Office Expenses</b>										
0300 Communication Services	22,568	22,000	22,568	22,000	-	-	-	-	-	-
0310 Contractor	65,423	89,800	65,423	89,800	-	-	-	-	-	-
0350 Licenses-Permits	94	150	94	150	-	-	-	-	-	-
0373 Rent-Other	249	-	249	-	-	-	-	-	-	-
0390 Software	31,643	20,000	31,643	20,000	-	-	-	-	-	-
0420 Utilities	9,218	34,000	9,218	34,000	-	-	-	-	-	-
0610 Office Equipment	11,099	1,000	11,099	1,000	-	-	-	-	-	-
0700 Clothing	440	-	440	-	-	-	-	-	-	-
0710 Food, Meals	1,527	1,500	1,527	1,500	-	-	-	-	-	-
0730 Office Supplies	9,538	8,000	9,538	8,000	-	-	-	-	-	-
0740 Operating Supplies	6	-	6	-	-	-	-	-	-	-
0750 Safety	4,673	7,000	4,673	7,000	-	-	-	-	-	-
0810 Rolling Stock Maint	1,055	2,200	1,055	2,200	-	-	-	-	-	-
0820 Fuels and Oils	898	1,200	898	1,200	-	-	-	-	-	-
0840 Furnishings	4,344	5,000	4,344	5,000	-	-	-	-	-	-
<b>Total 921 - Office Expenses</b>	<b>162,773</b>	<b>191,850</b>	<b>162,773</b>	<b>191,850</b>	-	-	-	-	-	-
<b>923 - Professional Services</b>										
0910 Audit-Accounting	29,800	31,000	29,800	31,000	-	-	-	-	-	-
0920 Banking-Trustee-Investment	38,442	24,200	38,442	24,200	-	-	-	-	-	-
0930 Legal	59,880	85,000	59,880	85,000	-	-	-	-	-	-
0940 Legislative	48,000	48,000	48,000	48,000	-	-	-	-	-	-
0950 Other Professional Services	56,009	128,500	56,009	128,500	-	-	-	-	-	-
<b>Total 923 - Professional Services</b>	<b>232,132</b>	<b>316,700</b>	<b>232,132</b>	<b>316,700</b>	-	-	-	-	-	-
<b>924 - Insurance</b>										
0960 Insurance	481,141	475,000	481,141	475,000	-	-	-	-	-	-
<b>Total 924 - Insurance</b>	<b>481,141</b>	<b>475,000</b>	<b>481,141</b>	<b>475,000</b>	-	-	-	-	-	-

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

	All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>928 - Regulatory Commission Expense</b>										
0010 Other Regulatory	17,440	17,000	-	-	50	-	17,100	17,000	290	-
0020 FERC Admin	59,982	38,500	-	-	31,405	20,000	28,578	18,500	-	-
0040 FERC Other	26,308	38,500	-	-	26,308	38,500	-	-	-	-
0060 AK Agency	100	-	-	-	100	-	-	-	-	-
<b>Total 928 - Regulatory Commission Expense</b>	<b>103,831</b>	<b>94,000</b>	<b>-</b>	<b>-</b>	<b>57,863</b>	<b>58,500</b>	<b>45,678</b>	<b>35,500</b>	<b>290</b>	<b>-</b>
<b>930 - General Expense</b>										
0200 Advertising-Public Relations	28,129	30,000	28,129	30,000	-	-	-	-	-	-
0210 Association Dues	36,317	37,625	36,317	37,625	-	-	-	-	-	-
0220 Board Meeting Expense	27,390	25,000	27,390	25,000	-	-	-	-	-	-
0230 Professional Development	4,143	26,200	4,143	26,200	-	-	-	-	-	-
0240 Travel Expense (Admin)	8,397	35,000	8,397	35,000	-	-	-	-	-	-
0250 Non-Travel Incidental	1,200	1,500	1,200	1,500	-	-	-	-	-	-
0260 Recruitment	1,900	-	1,900	-	-	-	-	-	-	-
<b>Total 930 - General Expense</b>	<b>107,476</b>	<b>155,325</b>	<b>107,476</b>	<b>155,325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>931 - Admin Rent</b>										
0371 Rent-Office Space	61,030	61,100	61,030	61,100	-	-	-	-	-	-
0372 Rent-Apartment	18,300	18,500	18,300	18,500	-	-	-	-	-	-
<b>Total 931 - Admin Rent</b>	<b>79,330</b>	<b>79,600</b>	<b>79,330</b>	<b>79,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>6,496,746</b>	<b>7,317,725</b>	<b>2,928,618</b>	<b>3,092,075</b>	<b>1,387,792</b>	<b>1,636,150</b>	<b>1,737,807</b>	<b>2,063,400</b>	<b>442,528</b>	<b>526,100</b>
<b>NET NONOPERATING REVENUE/EXPENSE</b>	<b>5,178,478</b>	<b>4,069,569</b>								

Southeast Alaska Power Agency  
**Statement of Activities YTD**  
as of **December 31, 2020**

All Locations 12/31/20		No Location 12/31/20		Swan Lake 12/31/20		Tye Lake 12/31/20		STI 12/31/20	
Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget

**NONOPERATING REVENUE/(EXPENSE)**

<b>NONOPERATING REVENUE</b>	
<b>941 - Grant Income</b>	
5410 Grant Income	51,518
<b>Total 941 - Grant Income</b>	<b>51,518</b>
<b>942 - Interest Income Misc</b>	
5010 Interest Earned Misc	16,579
5020 Interest DNR Liability	(1,325)
5030 Interest Investment Income	170,183
<b>Total 942 - Interest Income Misc</b>	<b>185,438</b>
<b>944 - Gain/(Loss) Investments</b>	
5200 Realized Gain(Loss) on Invest	30,687
5210 Unrealized Gain(Loss) Investmt	76,914
<b>Total 944 - Interest Income Misc</b>	<b>107,601</b>
<b>946 - Misc Nonoperating Income</b>	
5420 Gain/(Loss) Property Dispositn	102
<b>Total 946 - Misc Nonoperating Income</b>	<b>102</b>
<b>Total Nonoperating Revenue</b>	<b>344,659</b>
<b>NONOPERATING EXPENSE</b>	
<b>952 - Bond Interest Expense</b>	
6120 Bond Interest Expense 2015 Series	411,764
6130 Bond Interest Expense 2019 Series	135,209
<b>Total 952 - Bond Interest Expense</b>	<b>546,973</b>
<b>953 - Depreciation Expense</b>	
6300 Depreciation Expense	4,857,233
<b>Total 953 - Depreciation Expense</b>	<b>4,857,233</b>
<b>954 - Grant Expense</b>	
6520 Grant Contractual	50,932
6560 Grant Materials & Supplies	338
<b>Total 954 - Grant Expense</b>	<b>51,269</b>
<b>955 - Misc Nonoperating Expense</b>	
6600 Other Misc Expense	7,800
<b>Total 955 - Misc Nonoperating Expense</b>	<b>7,800</b>
<b>Total Nonoperating Expense</b>	<b>5,463,275</b>
<b>NET NONOPERATING REVENUE/(EXPENSE)</b>	<b>(5,118,616)</b>
<b>Change in Net Position</b>	<b>59,862</b>

\* FFCRA Tax Credits - SEAPA qualified for federal payroll credits for employees who were unable to return to work because of state-mandated quarantine rules, but were still paid. These regulations went into effect on April 1 and extended through December 31, 2020. C19 202003 refers to payroll prior to Apr 1 under a SEAPA-mandated quarantine.

Southeast Alaska Power Agency

**R&R Summary - Capital Expenditures - Actual to Budget**

as of **December 31, 2020**

	2020 EXPENDITURES	2020 BUDGET	PRIOR YRS EXPENDITURES	OVERALL EXPENDITURES	Overall Budget through 2020
* RR19301 - Discon Switch-Surge	57,183	66,394	25,981	83,163	92,375
* RR19305 - Governr PLC Mod TYL	118,536	93,302	-	118,536	93,302
RR19307 - Helipads Cleveland	-	-	18,626	18,626	18,626
* RR19308 - HPU TYL Gatehs	208,689	205,980	-	208,689	210,140
RR19314 - Statn Service Switch	58,388	1,286,893	185,565	243,953	1,300,000
RR19326 - Don Finney Ln HQ	1,584	20,000	4,120	5,704	25,000
* RR19327 - Fire Protect Upgrade	48,845	54,500	-	48,845	54,500
* RR19329 - Security Upgrades	8,796	39,847	5,154	13,950	45,000
* RR19330 - Servers KTN	1,704	6,462	26,400	28,103	32,800
RR19331 - STCS-HMI-Historian	123,563	100,000	-	123,563	100,000
* RR19332 - Accounting Software	1,885	1,200	33,709	35,594	35,950
* RR19333 - 125V Battery Bank	25,448	97,750	-	25,448	97,750
* RR19335 - Stuffing Box Unit 2 SWL	163,612	125,000	-	163,612	125,000
* RR20336 - ATV-Snow Plow	28,688	30,000	-	28,688	30,000
RR20337 - Excitation Brush Vacuum SWL	33,389	50,100	-	33,389	50,100
RR20338 - Excitation Brush Vacuum TYL	46,649	59,700	-	46,649	59,700
RR20339 - Guy Thimbles STI Phase II	118,817	93,000	-	118,817	93,000
* RR20340 - HewesNet Structure	35,475	40,000	-	35,475	40,000
RR20341 - Intake Gate Refurbish TYL	142,904	251,300	-	142,904	251,300
* RR20342 - Mower Attachment for Excavator SWL	34,034	29,700	-	34,034	29,700
RR20343 - Partial Discharge Monitors SWL	85,930	98,230	-	85,930	98,230
RR20344 - Spillway Recovery Davit	3,640	12,500	-	3,640	12,500
RR20345 - Stationary Winch SWL	-	10,000	-	-	10,000
RR20346 - XFMR Dif Relay Bailey	3,420	22,000	-	3,420	22,000
* RR20347 - Marker Ball Tie Wrap Carroll Inlet	67,202	95,250	-	67,202	95,250
* RR20348 - Cooling Water Pumps TYL	62,182	65,900	-	62,182	65,900
RR20349 - Submarine Cable Stikine Strait	215,759	2,371,917	-	215,759	793,800
* RR28618 - Housing SWL	767,013	780,475	13,318	780,331	793,800
Total All RR Projects	2,463,336	6,107,400	312,871	2,776,207	4,675,723

\* R&R Projects completed in 2020



**SOUTHEAST ALASKA  
POWER AGENCY**

Revenue Fund . . . . . 1,350,189.02  
 Dedicated R&R Fund . . . . . 324,695.04  
 New Generation Fund . . . . . -  
 Commercial Checking . . . . . \$1,674,884.06

**DISBURSEMENTS  
DEC-JAN 2020**

<b>VENDOR</b>		<b>REVENUE FUND</b>	<b>R&amp;R FUND</b>	<b>NEW GEN FUND</b>
Aero Services - KTN		14.32	-	-
Alaska Airlines Cargo		75.00	-	-
Alaska Miners Association Inc		250.00	-	-
Alaska Permanent Capital, Inc		5,128.76	-	-
Alaska Power Association		6,262.00	-	-
Alltek Network Solutions Inc		16.95	-	-
Alpine Mini Mart		104.67	-	-
Amazon.com		917.87	28.98	-
Arrowhead LP Gas WRG		991.76	-	-
Ascent Law Partners LLP		7,367.50	13,125.00	-
BAM LLC		-	43,450.00	-
vendor				
Bank of America - Nov	Recurring monthly bills (phone, utility)	12,137.01	26.35	-
Bank of America - Dec	Recurring monthly bills (phone, utility)	13,005.58	138.44	-
Bay Company		443.48	-	-
Big Sky Hydro LLC		9,759.14	-	-
Blasingame, Brett		14.80	-	-
Breakaway Adventures, LLC		2,550.00	-	-
Brown & Kysar Inc		6,800.00	-	-
Buness Bros. Inc		880.00	-	-
Cambria Properties LLC		3,050.00	-	-
Carlson Glass		824.20	-	-
Channel Electric Inc		148.34	1,044.57	-
City Market Inc		355.44	-	-
CK Powersports		5,624.00	-	-
Copper River Fleece		275.95	-	-
Dell		2,049.00	-	-
Electric Power Constructors Inc	RR19301, RR20339, RR20347, XMSN Line Maint.	685,916.63	210,168.50	-
Electric Power Systems Inc		4,998.25	-	-
FedEx		-	90.32	-
First City Electric, Inc		451.84	-	-
Freeman & Sons Machine and Fabrication		67.50	-	-
G2 Risk Consulting		1,012.50	-	-
Grainger		1,327.42	-	-
Greater Ketchikan Chamber of Commerce		407.00	-	-
Hammer & Wikan, Inc		19.98	-	-
Hydrological Services America LLC		2,988.00	-	-
Jaco Analytical Lab, Inc		1,492.00	-	-
Johnson's Building Supply		-	99.60	-
Juneau Alaska Communications		1,752.90	-	-
Kemppel Huffman and Ellis PC		300.00	-	-
Ketchikan Daily News		504.70	-	-
Ketchikan Gateway Borough		10,328.24	-	-
Ketchikan Public Utilities 334		12,510.00	-	-
KP Performance		354.48	-	-
LNM Services		271.34	-	-

**SOUTHEAST ALASKA  
POWER AGENCY**

Revenue Fund . . . . . 1,350,189.02  
 Dedicated R&R Fund . . . . . 324,695.04  
 New Generation Fund . . . . . -  
 Commercial Checking . . . . . \$1,674,884.06

**DISBURSEMENTS  
DEC-JAN 2020**

<b>VENDOR</b>		<b>REVENUE FUND</b>	<b>R&amp;R FUND</b>	<b>NEW GEN FUND</b>
Lynn, Bob		76.00	-	-
Madison Lumber & Hardware Inc		486.68	-	-
Mapcon Technologies, Inc		2,611.00	-	-
Marble Construction		642.00	-	-
McMaster-Carr Supply Company		95.52	-	-
Megger		361.00	-	-
Mitchell Instrument Co		279.53	-	-
NC Machinery Co		1,195.34	-	-
Northwest Public Power Assn		1,000.00	-	-
NRECA 758777		4,932.00	-	-
NRECA Group Ins		38,088.10	-	-
NRECA Group Ins Admin		3,142.48	-	-
NRECA RSP Admin		1,816.14	-	-
NRECA RSP Trust Contrib	Admin employee benefits (2 mo)	58,757.02	-	-
Ottesen's Inc		987.09	-	-
Pacific Pride of Alaska, LLC		811.45	-	-
Petro Marine Services-KTN		1,396.65	-	-
Petro Marine Services-WRG		1,308.57	-	-
Pilot Publishing, Inc		633.75	-	-
R&M Engineering-Ketchikan, Inc		1,100.00	-	-
Ray Matiashowski		8,000.00	-	-
Samson Tug & Barge		894.82	-	-
Satellite & Sound, Inc		2,400.00	-	-
SEAPRO		3,220.00	-	-
Segrity LLC		2,758.50	31,718.04	-
Sentry Hardware & Marine		834.16	-	-
Service Auto Parts		552.85	-	-
Sign Pro		445.75	-	-
Sockeye Business Solutions Inc		2,000.00	-	-
Southeast Auto & Marine Parts, Inc		31.56	-	-
Southeast Diesel & Electric		2,266.67	-	-
Specialty Engineering, Inc		520.78	-	-
Standard & Poor's		5,000.00	-	-
Sunrise Aviation Inc		9,065.00	-	-
Taquan Air		1,040.00	-	-
Temasco Helicopters Inc		2,248.26	8,880.00	-
TexRus LLC		11,749.01	-	-
Tongass Business Center Inc		4,338.91	-	-
Tongass Engineering LLC		-	3,640.00	-
TSS		7,590.00	-	-
Tyler Industrial Supply		452.70	-	-
USDA Forest Service	2021 Land use fees	107,993.01	-	-
Vigor Alaska LLC		-	10,701.24	-
Ward Creek Industrial		320.75	-	-
Wells Fargo 2015 Interest	Bond Principal and Interest payments	81,282.00	-	-
Wells Fargo 2019 Interest	Bond Principal and Interest payments	28,966.00	-	-

**SOUTHEAST ALASKA  
POWER AGENCY**

Revenue Fund . . . . . 1,350,189.02  
 Dedicated R&R Fund . . . . . 324,695.04  
 New Generation Fund . . . . . -  
 Commercial Checking . . . . . \$1,674,884.06

**DISBURSEMENTS  
DEC-JAN 2020**

<b>VENDOR</b>	<b>REVENUE FUND</b>	<b>R&amp;R FUND</b>	<b>NEW GEN FUND</b>
Wells Fargo 2019 Principal      Bond Principal and Interest payments	134,168.00	-	-
Welsh Whiteley Architects, LLC	-	1,584.00	-
Workforce Go	2,837.00	-	-
Wrangell Chamber of Commerce	600.00	-	-
Wrangell IGA Inc	619.70	-	-
Wrangell Sentinel	279.00	-	-
X2nSat	4,600.00	-	-
<b>TOTAL</b>	<b>1,350,189.02</b>	<b>324,695.04</b>	<b>-</b>

## **Agenda Item 9A**

### **Legal Update: Roadless Rule**

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#### **Discussion Item Only**



## SOUTHEAST ALASKA POWER AGENCY

**Date:** February 16, 2021  
**To:** Trey Acteson, Chief Executive Officer  
**From:** Clay Hammer, Operations Manager  
**Subject:** SEAPA 2021 Swan-Bailey Transmission Line Brushing Contract

A Request for Proposals for SEAPA's 2021 Swan-Bailey Transmission Line Brushing Project was advertised on January 7, 2021. Four (4) bids were received on February 8, 2021; however, one bid was non-responsive. The results of the three remaining responsive bids are as follows:

Bidder	City/State	Bid Amount
BAM LLC	Ketchikan, Alaska	\$159,100.00
Gage Tree Service LLC	Wasilla, Alaska	\$208,800.00
Carlos Tree Service, Inc.	Anchorage, Alaska	\$389,062.24

Each proposal was evaluated based on experience with Alaska generally and Southeast Alaska in particular in carrying out similar projects, safety program/record, schedule and capacity to respond to the work in a timely and efficient manner, competitive pricing, and completeness and quality of bid proposal documents.

Based on the review, staff recommends award of the 2021 Swan-Bailey Transmission Line Brushing Contract to BAM LLC. All three responsive bidders were qualified and met the criteria required for the project, however, BAM was the low bidder. Funding of \$165,000 was approved in the FY2021 budget for the project.

Please consider the following suggested motion:

### SUGGESTED MOTION

**I move to authorize staff to enter into a Contract with BAM LLC for SEAPA's 2021 Swan-Bailey Transmission Line Brushing Contract for the lump-sum price of \$159,100.**



## SOUTHEAST ALASKA POWER AGENCY

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**Date:** February 17, 2021  
**To:** Trey Acteson, Chief Executive Officer  
**From:** Robert Siedman, Director of Engineering & Technical Services  
**Subject:** Swan Lake-Bailey Transformer Refurbishing Contract

A Request for Proposals for SEAPA's Swan-Bailey Substations Transformer Refurbishing Project was advertised on January 20, 2021. One (1) bid was received on February 16, 2021 from Specialty Engineering, Inc. (SEI) for \$234,700.

SEI's bid was responsive and met all required criteria following an evaluation on price, experience/qualifications, construction approach and workmanship warranty, safety record, and proposed schedule.

Based on the review, staff recommends award of the Swan-Bailey Substations Transformer Refurbishing Contract to Specialty Engineering, Inc. An overall budget of \$379,000 was approved in the FY2021 R&R Capital Budget for this project. The Agency realized a savings of approximately \$70,000 on this project by staff procuring parts rather than including the task in the contractor's scope of work. A contingency of ten percent (10%) or \$23,470 is also recommended to cover any necessary Change Orders.

Please consider the following suggested motion:

SUGGESTED MOTION
<p><b>I move to authorize staff to enter into a Contract with Specialty Engineering, Inc. for SEAPA's Swan-Bailey Substations Transformer Refurbishing Contract for the firm-fixed price of \$234,700 plus a ten percent (10%) contingency of \$23,470 in the event of Change Orders for the total not-to-exceed value of \$258,170.</b></p>



**SOUTHEAST ALASKA POWER AGENCY**  
**CONTROLLER MEMO**

Date: February 17, 2021                      From: Kay Key  
To: Trey Acteson                                      Subject: **R&R BUDGET ADJUSTMENTS**

**SUGGESTED MOTION**

I move to increase the FY2021 R&R Capital Budget by \$2,002,290.

Revised budget documents for each of the following projects are attached.

Project	FY21 RR Budget	Amendment +	Revised FY21	Overall Budget +/-
RR19314 Station Service	1,543,047	244,000	1,787,047	244,000
RR20349 Sub. Cable	11,745,903	1,408,690	13,154,593	0
RR21353 Flashbd Deice	25,000	19,300	44,300	19,300
RR21359 XFMR	48,000	331,000	379,000	0
<b>Total Amendments</b>	-	<b>\$2,002,990</b>		<b>\$263,300</b>
<b>Approved Budget</b>	<b>17,563,027</b>		<b>\$19,566,017</b>	<b>\$22,188,252</b>

**RR19314 Station Service Switchgear SWL**

This project replaces the 38-year-old station service switchgear at Swan Lake. The approved overall budget was \$1,787,000; however, the breakdown of Project Costs did not include the \$243,953 already spent on engineering and design during FY2019. The budget adjustment of \$243K brings the total budget for this project to \$2,031,000. (Refer to the attached Project Cost Estimate Discussion for further details.) The Board awarded the construction project in 2020, and the project is scheduled for completion this summer. \$244K has been expended to date.

**RR20349 Submarine Cable Stikine Strait**

The budget presented in December included estimated 2020 expenditures of \$1.6M in anticipation of issuing milestone payments before year-end. Instead, those payments took place in February 2021, and only \$215,759 was expended in FY2020. This budget adjustment simply shifts the unexpended amount from FY2020 to FY2021. There is no change to the overall budget.

**RR21353 Flashboard Deicing SWL**

This project will automate the flashboard gate ice-avoidance, operating control system at the Swan Lake dam. The project was approved at \$25,000 in the FY2021 budget. The expanded scope of work would increase the budget to \$44,500, an increase of \$19,500. The revised budget document explains the expanded scope in detail. No monies have been expended to date.

**RR21359 Transformer Refurbishment**

This project refurbishes substation transformers at Swan Lake and Bailey. The project is scheduled for completion by July 2021; however, the original budget presented it as being split with \$48K for FY2021 and \$331K for FY2022. To match the budget to the work schedule, the \$331K would shift into FY2021, effectively increasing this year's R&R budget. There is no change to the overall budget.



# Station Switchgear SWL

Description:	<b>480V Double-Ended Station Service Switchgear</b>		
Cost Estimate:	<b>\$2,031,000</b>	Sched. Complete:	<b>Jun 2021</b>
		Project Mgmt:	<b>R. Siedman</b>
PROJECT DISCUSSION			
<p>The Swan Lake Station Service Switchgear is 38 years old and at the end of its useful life. The N1 480V station service breaker is currently stuck in the racked-in position and is unable to be racked out for inspection and maintenance. The E2 breaker was recently inoperable with hardware from the breaker found loose in the cabinet by Swan Lake maintenance personnel. Replacement of the E2 breaker hardware provided extended use of the breaker however all station service switchgear breakers have become a reliability and safety concern. Auto-trip and transfer functionality, including emergency power transfers to diesel generators, is intermittent and does not perform reliably. All feeder and sub-feeder cables are also at the end of their useful life with increased probability of failures. This project would result in new 480V double-ended Station Service Switchgear, breakers, feeder and sub-feeder cables, fiber optic Arc Flash protected busbars, Arc Flash Reduction Maintenance Switches (ARMS), complete drawings sets including updated powerhouse one-line and three-lines, Operations Manuals and Training. The new switchgear will be designed with redundancy and isolation in metal-clad rated gear to provide reliability, redundancy and increased safety to onsite personnel with reduced incident energy levels (Arc Flash). Dry type transformers will be utilized to reduce concerns with the existing oil filled transformers in the powerhouse, further increasing safety, reliability and reducing fire hazard concerns.</p> <p><b>FY2019</b> – Design contract of \$229K was awarded to Electric Power Systems.</p> <p><b>FY2020</b> – Build-installation contract in the amount of \$1.7M awarded to Electric Power Constructions. Equipment is currently in production line.</p> <p><b>FY2021</b> – Installation of equipment is scheduled to begin in June of 2021 with an estimated completion of August 2021.</p>			

Continued on next page ...



PROJECT COST ESTIMATE			
BREAKDOWN	ESTIMATE	BUDGET - EXPENDITURES	
Engineering / Design	243,953	FY2019 Expenditures	185,565
Mobilization/Demobilization	184,740	FY2020 Expenditures	58,388
Equipment Procurement	1,061,952	<b>FY2021 Budget</b>	<b>1,787,047</b>
Construction & Install	454,325		
Contingency 5%	85,051		
Estimate Total	\$2,030,021	<b>Budget Total</b>	<b>\$2,031,000</b>

### Project Cost Estimate Discussion

The original engineering estimate was generated by Olsson Industrial Electric pursuant to an on-site visit.

**FY2019** – After the lowest design-build bid came in at \$2.5M (Mar 2019), SEAPA rejected all bids and sought design-only bids. The design contract of \$229K was subsequently awarded to Electric Power Systems.

**FY2020** – SEAPA developed a build-install Request for Proposals (RFP) based upon the finished design. The \$1.7M contract was awarded to Electric Power Constructors, resulting in overall project savings of approximately \$500K compared to the initial bid.



Swan Lake Existing Switchgear



RR20349

## Sub Cable Vank-Woronkofski

Description:	Replacement of failed submarine cable at Woronkofski crossing.		
Cost Estimate:	<b>\$13,370,352</b>	Sched. Complete:	<b>AUG 2021</b>
		Project Mgmt:	<b>Siedman</b>
PROJECT DISCUSSION			
<p>A fault occurred on the Stikine Cable crossing between the islands of Woronkofski and Vank on Sunday September 29, 2019. The Board approved a Feasibility Project at the October 30, 2019 Special Meeting to continue investigation, testing, and analysis of the event. The cause of the fault was identified as the complete failure of a single cable (one of four) at this crossing. Delivery of electricity was restored using the spare cable; however, SEAPA deliveries would cease if a second cable at this crossing failed. At the September 4, 2020 Special Meeting, the Board authorized staff to contract with Sumitomo for replacement of the failed cable.</p> <p><b>FY2021</b> – Part of the Sumitomo contract included a Price Variation Conditions clause that would increase (or decrease) the cost of cable manufacturing as a function of raw material costs such as copper and lead. Subsequently, the total cable cost increased \$239,968 as reflected in the breakdowns below. The total project budget did not change however contingency was reduced.</p>			

PROJECT COST ESTIMATE			
BREAKDOWN	ESTIMATE	BUDGET – EXPENDITURES	
Cable Replacement		FY2020 Expenditures	<b>\$215,759</b>
Sumitomo – Lump sum	\$8,495,059	<b>FY2021 Budget</b>	<b>13,154,593</b>
Sumitomo – Time & Materials	3,445,229		
Project Contingency	930,064		
SEAPA project-related Expense	500,000		
<b>Total Estimate</b>	<b>\$13,370,352</b>	<b>Total Budget</b>	<b>\$13,370,352</b>
Project Cost Estimate Discussion			
<p>The original feasibility project (1830-008) was approved with a budget of \$200K in October 2019. The Board authorized a lump-sum contract with Sumitomo in September 2020 and an overall budget of \$13.37M. This authorization also specified the order in which Agency funds would be appropriated to pay for the project and allows SEAPA to bond for the project at a future date.</p>			



# Flashboard Deicing SWL

Description:	Automation of Flashboard Deicing System at Swan Lake		
Cost Estimate:	<b>\$44,300</b>	Sched. Complete:	<b>FY2021</b>
		Project Mgmt:	<b>Schofield</b>
PROJECT DISCUSSION			
<p>This project will automate the Swan Lake Dam Flash Board Gate (FBG) ice avoidance operating control system. The Ice Avoidance system prevents ice from forming along the FBG and dislodging the gate panels. The ice avoidance system was installed as part of the Swan Lake Dam spillway control gate (Pool Raise) project in 2016. The system consists of a large screw-type compressor that discharges high-volume air through a 3-inch manifold which runs the upstream length of the dam’s spillway. The screw compressors operational controls are presently manually activated, as conditions warrant. Once activated the compressor cycles based on an analog timer.</p> <p>Automation of the controls would self-activate the ice avoidance system when the reservoir elevation exceeds 330.0 feet combined with an air and water temperature below 32 degrees.</p> <p><b>Revised February 2021:</b> Integration of the ice avoidance system into the future HMI system was determined to be the most logical approach to prevent re-work. The original design did not include parameterized control of the ice avoidance system and was a simple PLC program. In consideration of the need for a remote-control station at the gate house for safety purposes (the current station is located at the spillway), the increased project scope will include a touch panel and remote IO device such that ice avoidance, gate control, system overview, alarms and parameters can be changed/viewed from a safe remote location.</p>			

PROJECT COST ESTIMATE			
BREAKDOWN	ESTIMATE	BUDGET – EXPENDITURES	
Parts	\$8,318	<b>FY2021 BUDGET</b>	<b>\$44,300</b>
Programming of PLC Logic	11,520		
Touchscreen Development	10,800		
Field Installation	9,500		
Contingency (10%)	4,100		
Total Estimate	\$44,238	Total Budget	\$44,300
Project Cost Estimate Discussion			
<p>Automation of the FBG Ice Avoidance System is to be performed by contract labor with SEAPA staff assistance with hardware installation. The increased scope proposed in 2021 reduced programming costs, but increased parts and added touchscreen development.</p>			

# RR21353 Flashboard Deicing SWL



Swan Lake Reservoir  
Dam Spillway Control  
Gates Elevation 284.0'



# RR21359 XFMR Refurb SWL-Bailey

Description:	Transformer Refurbishments at Swan Lake and Bailey substation		
Cost Estimate:	<b>\$379,000</b>	Sched. Complete:	<b>JULY 2021</b>
		Project Mgmt:	<b>Siedman</b>
PROJECT DISCUSSION			
<p>The Swan Lake and Bailey Substation transformers are critical to SEAPA Operations, Swan Lake power output(s), and reliable delivery of service to Ketchikan. The transformers were installed in 1984 and have been in service for over 35 years. Annual maintenance and 5-year testing performed by SEAPA have maintained reliability and life expectancies. In 2020 however, Power Factor testing results indicated that the high voltage bushings on the transformers were beginning to demonstrate an increased breakdown of insulation in the bushing(s) core. In addition, seals on the Bailey T3 transformer are beginning to leak, indicating dry, aged, and cracked ring seals.</p> <p>The scope of work for this project is to refurbish the Swan Lake and Bailey Substation transformers to extend their life, increase reliability and allow SEAPA to programmatically schedule a full replacement in the next 10-20 years. The work includes new High Voltage (HV) and Low Voltage (LV) bushings, all new seals, new temperature gauges with seals, new sudden pressure sensors with seals, new nitrogen gauges, new paint and pre/post testing to confirm Power Factor results. There are 4 single-phase transformers at each site, 3 in service and 1 spare. The work will occur during the normally-scheduled outage window with a full crew at Bailey and Swan to perform the work. An RFP will be developed and solicited immediately upon Board approval to allow for ordering long lead time items (Bushings are 14-16-week lead times).</p>			

PROJECT COST ESTIMATE			
BREAKDOWN	ESTIMATE	BUDGET – EXPENDITURES	
Parts	\$144,300	<b>FY2021 BUDGET</b>	<b>\$379,000</b>
Labor	200,000		
Contingency (10%)	34,430		
Total Estimate	378,730	Total Budget	\$379,000
Project Cost Estimate Discussion			
<p>HV bushings are long lead-time items and would be ordered in FY20. Labor includes 2 full crews with operators, painters, welders, and linemen.</p>			





# SOUTHEAST ALASKA POWER AGENCY

Operations Plan Update | February 2021

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**Date:** February 17, 2021  
**To:** Trey Acteson, Chief Executive Officer  
**From:** Robert Siedman, P.E., Director of Engineering & Technical Services

## SEAPA 2021 Operations Plan Update

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

Due to the drought of 2018-2019, the Operations Plan was significantly revised for 2020-2021. In collaboration with Member Utilities, SEAPA addressed Communication, Dedicated Output, Additional Dedicated Output, Supplemental Diesel and Efficiency in the revised plan.

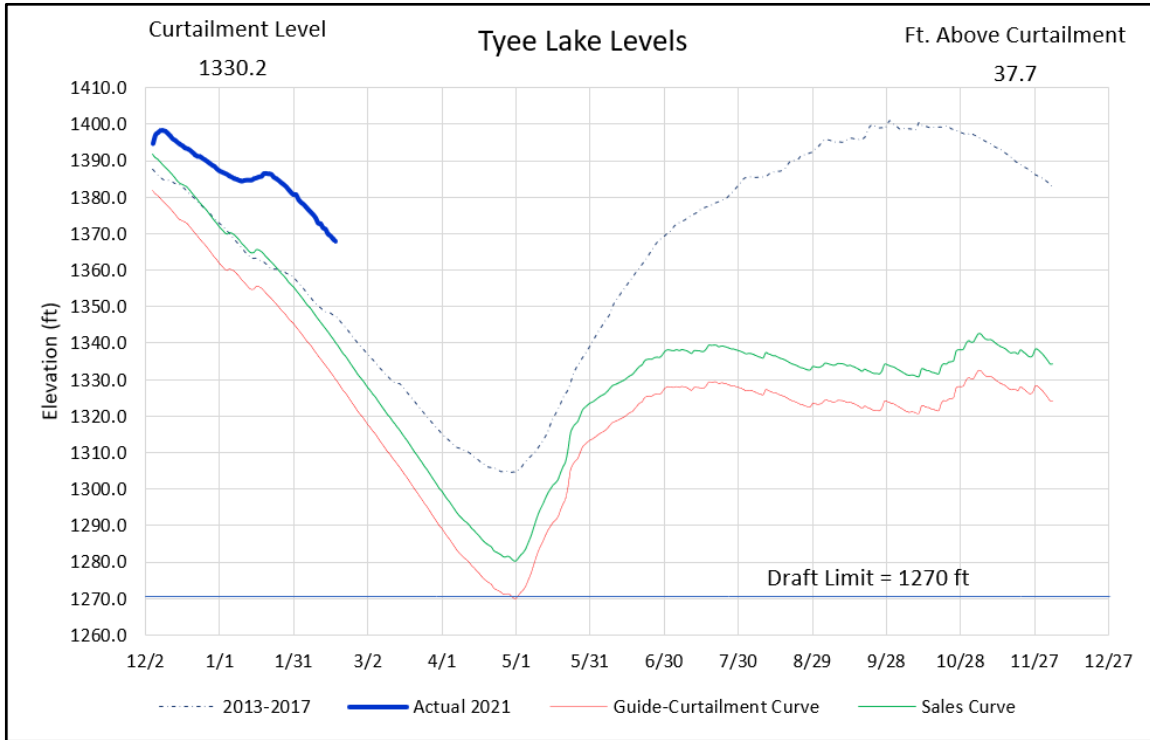
### 1.0 Current Lake Levels

The Turn (beginning of the snow runoff) typically occurs at Swan and Tyee lakes around mid-April and late-April, respectively. SEAPA balances lakes in consideration of the Turn by utilizing the Swan-Tyee transmission line (STI), which balances lake levels at Tyee and Swan above Draft Limits and below spill (ideally). In January 2021, exceptional inflows due to a wet weather system were realized. To manage the extreme inflows, SEAPA utilized the STI and transferred power from Swan Lake to Tyee Lake, which prevented spill at Swan. By reducing Tyee Output(s) and subsequently increasing Swan Output(s), water was effectively transferred from Swan Lake to Tyee Lake by way of the STI (Water over Wire). The result was higher lake levels at Tyee and a prevention of spill at Swan Lake. In February, the additional water stored in Tyee began being sent back to Swan (and subsequently Ketchikan) thereby maximizing utilization and optimizing output.

A secondary result of optimizing outputs as stated above was the ability for SEAPA to meet the peak energy demands of Petersburg, Wrangell and Ketchikan; at the highest level that SEAPA has on record. In early February, both Tyee Lake and Swan Lake were at record high water levels due to spill prevention techniques (lake balancing), higher inflows and efficient operations. Typically, in February, lake levels are at a much lower level and SEAPA's peak outputs are between 42-44 MW. Once loads reach those levels, SEAPA institutes a Delivery Limit to maintain spinning reserve on the system for system stability requirements. Delivery limits require the Municipalities to make up additional generation which is typically done by way of diesel generators. SEAPA's peak outputs in February of 2021 were 46MW with a Delivery Limit threshold of 48MW, preventing the need for diesel generation(s).

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

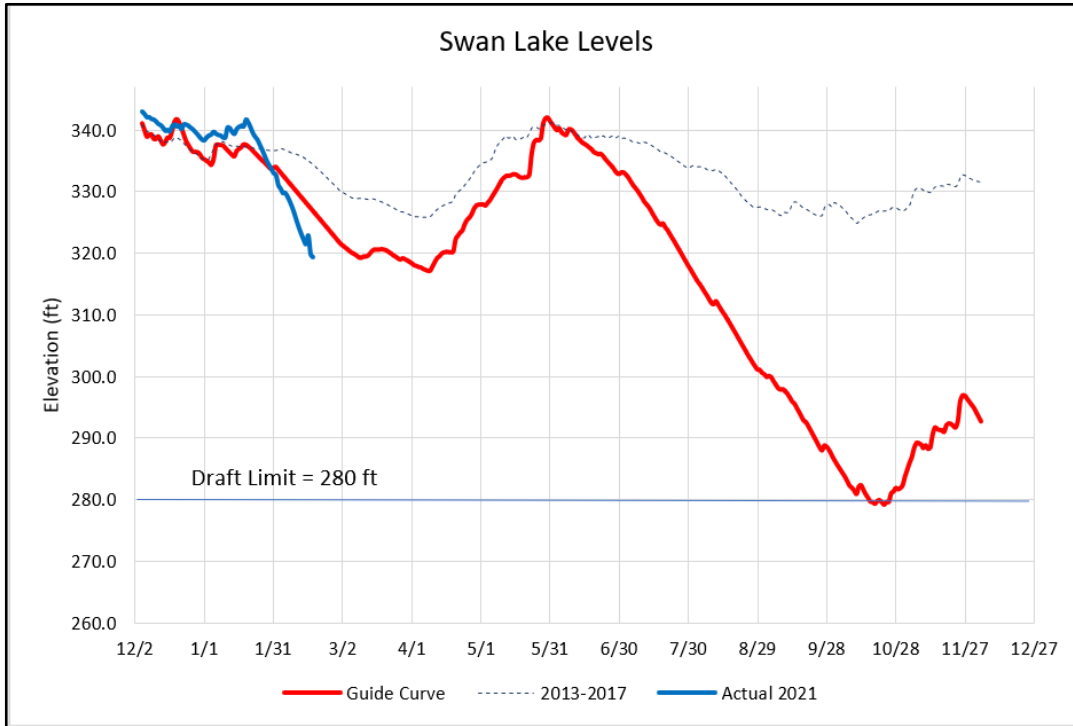


**Tye Lake Sales/Guide Curve: Elevation 1367.9 ft**

The chart illustrated above is the Sales/Guide curves for Tye Lake. The green line represents the sales curve, and the red line represents the curtailment curve. As represented by the blue line (actual lake levels over time), Tye Lake is well above the curtailment curve and in a very healthy condition to make it through the Turn. The Agency typically performs snow surveys in late May and early June for both Swan and Tye Lake. As indicated in image below (February 16, 2021), Tye drainage basin is looking great with a snowpack that is typical of an average year. The Tye Snow Pillow is reporting 33.62 inches of Snow Water Equivalent (SWE) which equates to approximately 72.3 feet of lake.







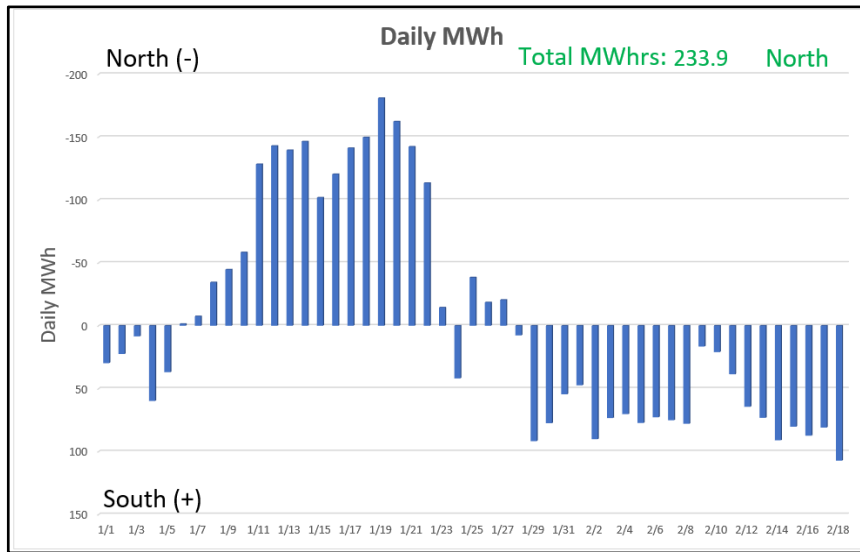
**Swan Lake Guide Curve: Elevation 319.4 ft**

Swan Lake is also currently at a very healthy lake level for this time of year with an elevation of 319.4 feet. During the recent cold front, both Tye and Swan lake were at near maximum output capacity which caused the elevation of both lakes to decrease rapidly, however, as temperatures increase and loads are reduced, Swan Lake draft rates will decrease as water stored at Tye in January is sent back south. The snow pillow at Swan Lake was repaired in the Winter of 2020 (after a black bear incident) however there is currently a connection issue that remains unresolved. The Snowpack at Swan Lake is visibly similar to Tye as indicated in the image below. SEAPA therefore estimates 30 feet of lake currently in the form of snow in the Swan Lake drainage basin.

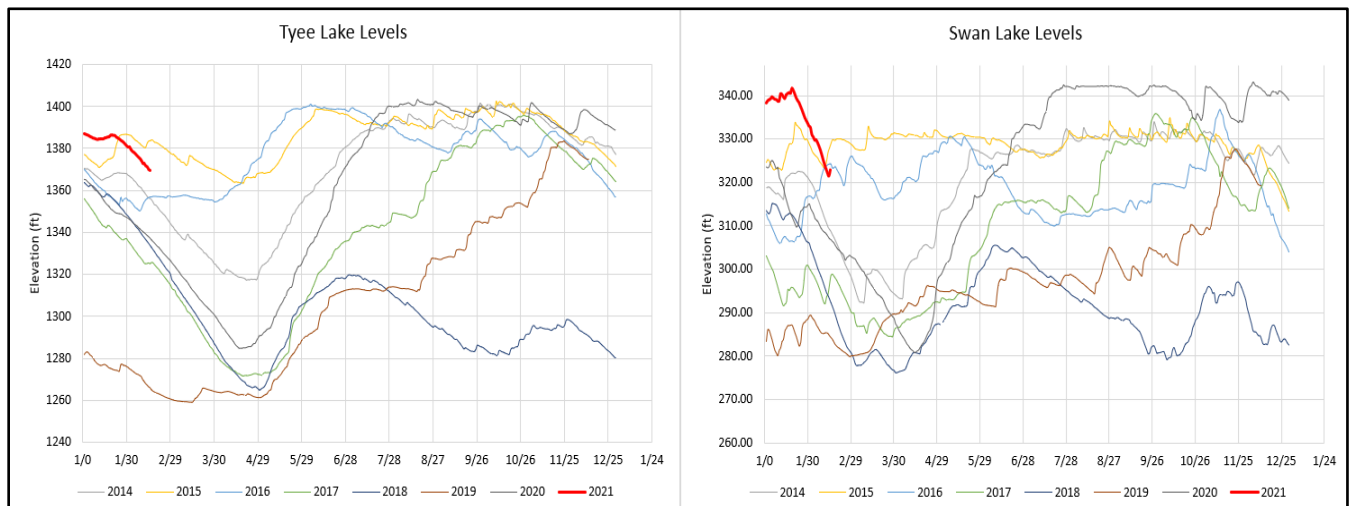


## 2.0 Operations

As mentioned in Section 1.0, the STI played a large role in the success of Operations for January and February 2021. In early January, Swan Lake reservoir was less than a foot away from spilling and weather forecast at the time indicated significant inflows (rain). As a result of efficient dispatch (proactive) of Swan Lake energy, 1674 MWh was exported across the STI to the north and stored in Tye Lake (and not spilled). Once the weather forecast changed to cold and dry, net exports from Tye to the south began as detailed in the figure below.



As demonstrated in the chart below, both Swan and Tye Lake levels are currently well above historical averages. As a result, SEAPA anticipates a very healthy water cycle year for 2021.





## SOUTHEAST ALASKA POWER AGENCY CEO REPORT

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DATE: February 17, 2021  
TO: SEAPA Board of Directors  
FROM: Trey Acteson, Chief Executive Officer  
SUBJECT: CEO Report

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### **SAFETY:**

There have been no recordable or lost time incidents since my last report.

### **CORONAVIRUS (COVID-19) UPDATE:**

On February 14<sup>th</sup>, Alaska became one of only two states in the United States without a formal COVID-19 public health disaster declaration. Failure to renew the health disaster declaration eliminated several expanded authorities involving testing and emergency response throughout the state. A subsequent Health Advisory was issued the same day relaxing travel restrictions.

COVID-19 cases in Ketchikan have been trending higher recently and I remain very concerned about the threat to employees and critical operations. For this reason, SEAPA's protection measures will remain in full force until further notice. Hydroelectric projects will remain closed to the public, except for the dock facilities. Contractors are required to submit a detailed screening questionnaire and gain SEAPA Management approval prior to visitation. Contractors traveling from out of state are still required to provide negative test results within three days prior to flying.

Vaccinations are slowly being rolled out and a very limited number of SEAPA employees have been inoculated. Most are not yet eligible, and some have passed on the opportunity.

### **GOVERNMENTAL AFFAIRS & EXTERNAL INDUSTRY ACTIVITIES:**

The Federal election is finally behind us and there is considerable regulatory uncertainty in the near term. Whenever there is an ideological shift to another party, Agency activities and priorities are paused for review and then recalibrated. Things are very much in flux with the shift of power and new leadership on key committees. It will take a little while for things to firm up.

I continue to meet regularly with the National Hydropower Association (NHA) as a member of their Legislative Committee and Hydraulic Power Committee to track movements on the Federal level and implement strategies to steer policy. NHA employs a talented staff of Washington D.C. insiders that has been effective at communicating the concerns of our industry and bringing about substantive change. They are currently working channels to help the incoming administration understand our positions and identify friction points requiring deeper engagement.

There is one issue on the Federal level that is garnering a lot of attention and could have significant impact on all FERC regulated hydro projects. FERC recently issued a Notice of Inquiry (NOI) on Financial Assurance Measures for Hydroelectric Projects (Attachment 1). This action appears to have stemmed from a project that failed and reflected poorly on FERC. They go on to cite 88 other projects with financial issues but provide no detail. In short, they are pushing for an industry-wide fund or financial assurance for each individual project (e.g., Bonding). These concepts are flawed in many ways and I have been working directly with NHA to craft comments. Additionally, I have brought this to the attention of the Alaska Power Association (APA) and met with their Hydropower Committee. I have also engaged Northwest Hydroelectric Association (NWhA) on the issue, and they will join the effort. Comments are due to FERC by March 29<sup>th</sup>.

The State Legislature is back in session, but off to a slow start. The Senate Republicans retained a 13-7 majority in the 2020 election and Sen. Peter Micciche (R) from Soldotna was named Senate President. I have worked with Sen. Micciche in the past and view this as a positive choice. He comes from a rural area in the Railbelt and understands the value of hydro.

All 40 seats in the House were up for election in 2020. Prior to the election there were 22 Republicans, 15 Democrats, 2 independents, and one vacancy. Republicans won 21 seats, Democrats won 15, and independents won 4 seats. Representative Louise Stutes (R) from Kodiak indicated she would join a coalition of democrats and independents, leaving the two caucuses deadlocked at 20 votes each. After several weeks of delay in the organization of the House, Representative Stutes was elected as Speaker on February 11<sup>th</sup>.

The State Legislature has some big issues on their plate (e.g., Budget, PFD, Taxes). Since the House just recently organized, things are still in transition with committee assignments and other structural elements in play. The general consensus is that there won't be many bills moved during the first year of this two-year cycle, but here are a few on my radar:

**HB29** This bill makes clear in statute that a utility offering electric service to the public may not be held liable for property damage, death, or personal injury resulting from contact between vegetation and the utility's facilities, unless the vegetation is located entirely within the boundaries of the utility's right-of-way or if the utility fails to have a written vegetation management plan or fails to comply with that plan. Statutory clarity on right-of-way liability is one of the APA's State Policy Positions for 2021 and nearly passed during the previous session.

**HB33** This bill would substantially increase the penalties for discharge of oil, which includes refined petroleum products such as diesel and heating fuel. It increases the penalties 400% across the board (current penalties range from \$1 to \$10 per gallon based on whether the spill is into freshwater, saltwater, or land and whether it has significant fishery resources). It quadruples fines for any other violation of a law or permit, from a minimum of \$500 to \$2,000 and a maximum of \$100,000 to \$400,000, with daily maximums increased from \$5,000 per day to \$25,000 per day. The same increases apply to individual liability for false reports or causing discharges. The bill would require increases to these amounts for inflation every ten years. The bill also rewrites the definition of a benefit of noncompliance to include not just avoided compliance costs but also "competitive advantage" from noncompliance and "income derived" from it. It adds a list of factors to consider deterring future misconduct in setting civil penalty levels. It also adds the ability for the Department of Environmental Conservation ("DEC") to issue administrative penalties, which can be assessed by DEC without going to court. Those penalties range from \$500 to \$10,000 per violation.

**SB17** The goal of this bill is for the state to enter into energy service performance contracts valued at \$100 million to retrofit public facilities, public buildings, and public schools in a manner that will result in a net savings in energy costs to the state within 15 years after completion of the retrofits. This could have an impact on future loads in our communities.

**SB69** This bill will extend the deadline by which a plant or facility generating electricity entirely from renewable resources must be placed into commercial operation, among other requirements, to qualify for an exemption from regulation. The bill extends the deadline from July 1, 2021 to July 1, 2031. This legislation was originally intended specifically for a one-time purpose associated with Fire Island Wind. The potential impacts of an extension are currently under review. SEAPA's exemption is not at risk.

The month of February has been filled with several "virtual" conferences and Board meetings. APA held their Annual Legislative Fly-in the first week. As President, I led most of the conference, which included live updates from Senator Sullivan, Senator Murkowski, and Congressman Young. We also hosted informative legislative panels including State Senate leadership. Additionally, I chaired an APA Board meeting that week. This conference was very good exposure for SEAPA.

Southeast Conference (SEC) occurred the second week of the month and I spoke on an industry leadership panel. Hopefully, some of our SEAPA Board members were able to attend. I always enjoy the diverse community and economic perspectives presented during the SEC event and appreciate the opportunity to participate each year. I have attached a copy of *Southeast Alaska By the Numbers 2020* (Attachment 2). It was obviously a pretty tough year for the communities and businesses in Southeast Alaska. One area of specific concern in the data sets is population outmigration. This will have a negative impact on loads, especially if it accelerates. Implementation of a State income tax could be a catalyst.

This week I am participating in NWA's annual conference and Board meeting. I termed out as the Alaska Director but will serve as Past President on the Executive Committee for one more year. I took the opportunity to nominate Robert Siedman as the new Alaska Director. He successfully won the election and will represent SEAPA and all of Alaska for at least a 3-year term. Congratulations Robert!

#### **ALASKA DEPARTMENT OF NATURAL RESOURCES (ADNR) – RECLAMATION FUND:**

For the benefit of incoming Directors, the joint ADNR Reclamation Fund is a holdover issue from restructuring. An attempt was made at that time to cleanly separate the FDPPA project owners, including acknowledgement of the FDPPA's name change to SEAPA, release of joint liability, insurance requirements, and performance guarantees. This effort was through what was referred to as the *Second Amendment to Lease and Easement Documents for the Tye Lake, Swan Lake, Terror Lake and Solomon Gulch Hydroelectric Projects* (Amendment #2). However, this amendment was never finalized by the parties and annual reclamation contributions have continued to be collected and held jointly. Complicating matters is the fact that SEAPA owned projects are under the Juneau ADNR office jurisdiction and Kodiak Electric and Copper Valley Electric projects are under the Anchorage office. There has also been turnover in those offices and loss of institutional knowledge on the issues since restructuring.

Disentanglement remains a priority for SEAPA. The Juneau ADNR Southcentral Regional Office (SCRO) has informed us that our updated Amendment #2 is in the queue with the Department of Law, awaiting their review. They are optimistic that this will occur in the very near future. Once

edits are accepted, the updated version will be distributed to Kodiak and Copper Valley for consideration/signature.

On a parallel path, SCRO is working on a new individual contract for SEAPA to continue with our annual Reclamation Contingency Fund contribution. SEAPA's current share of the annual contribution is \$37,500 and we expect this to continue. We have explored other alternatives, but this remains our lowest cost option.

#### **BEST PRACTICES AND PROCESS IMPROVEMENTS:**

Staff is actively working on the 5-year review of SEAPA's 4R Plan (**R**enewal, **R**eplacement, and **R**isk **R**eserve). This used to be referred to as the 5R Plan, which included **R**eclamation, but that issue is dealt with separately. As communicated earlier to the Board, I believe we can significantly improve our asset lifetime estimates. Historically, life expectancies have simply been based on industry standards. This year we are undertaking an extensive review of higher value assets and applying real time assessments. We are also taking a deeper look at possible life extension opportunities where appropriate. This will provide a much more accurate picture for the Board regarding the magnitude and timing of major capital investments in the future.

We have contracted BKI Engineering Services to support the first phase of individual equipment assessments. That information will be integrated into the overall 4R Plan that ultimately provides the basis for our annual levelized payment into the Dedicated R&R Plan. We currently have \$75,000 approved in the budget for this effort but may need to expand that once we better understand the level of effort required to analyze the different pieces of equipment. This will be money well spent as it will significantly improve our long-term planning and scheduling ability. Furthermore, it will influence capital management and better inform revenue adjustment requirements.

The Risk Reserve component of the 4R Plan review includes an update to replacement cost estimates for a submarine cable failure replacement. This is a good segue into a broader discussion on "de-risking" our submarine cable failure exposure. A potential "de-risking" strategy that the Board may want to consider would be to purchase a spare cable long enough to span the longest crossing. This would allow the Agency to extract the maximum value out of existing cables by running to failure or until such time as an imminent failure condition is detected. Having a spare cable in inventory would also eliminate long lead times associated with manufacturing and allow expedited installation. We already have a detailed cable specification developed so engineering costs would be minimal. As a reminder, the approximate cost of just the cable and shipping is approximately 25% of the total cost of replacement, or about \$3.5MM in today's dollars. I look forward to hearing the Board's perspective on this strategy.

On a different topic, development of SEAPA's Vegetation Management Plan is making good progress. This plan will serve as the foundation for a sustainable right-of-way clearing program. The structure will enable SEAPA to more accurately assess and dynamically track clearing intervals on a going forward basis. This is essential to ensuring appropriate annual levelized investment is being made over the life of SEAPA's transmission assets. It is important to distinguish that this falls under the Expense Budget and will not be covered in the 4R Plan review. However, it is an essential function that directly ties to long-term reliability.

## **PERSONNEL:**

Brent Mill, Operator/Mechanic at Tyee retired on January 20<sup>th</sup> after 16 years of service. We greatly appreciate Brent's contributions over the years and wish him the best of luck in retirement.

Recruitment for an Operator/Mechanic at Swan Lake was successful. We had several good candidates and have finalized an employment offer with Austin Tollefson. Austin is in the process of relocating from Austin, Texas, and is expected to arrive March 7<sup>th</sup>. We are excited to bring some new talent into the organization to complement our team of skilled workers.

Matthew Vodopich, Operator/Electrician at the Tyee Lake facility has given notice of resignation and will be moving out of state. We appreciate Matt's contribution to the team and wish him success. Recruitment has been initiated and we look forward to filling this position as soon as possible.

We conducted recruitment for a SCADA Network Architect and had minimal interest. After conducting interviews, I decided to repackage the position as a Control Systems Engineer with greater emphasis on power plant experience. Due to our limited staff, it is imperative that we hire someone with fully developed skills that can hit the ground running. Initial response to the posting has been good and we plan to conduct interviews over the next couple of weeks.

### *Attachments:*

1. Notice of Inquiry Re Financial Assurance Measures on Hydroelectric Projects
2. Southeast Alaska By the Numbers 2020

**Attachment 1**

**to**

**CEO Report**

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**Notice of Inquiry Re:  
Financial Assurance Measures on Hydroelectric Projects**



174 FERC ¶ 61,039  
DEPARTMENT OF ENERGY  
FEDERAL ENERGY REGULATORY COMMISSION

[Docket No. RM21-9-000]

Financial Assurance Measures for Hydroelectric Projects

(January 19, 2021)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Inquiry.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is inviting comments on what changes, if any, the Commission should make to its practices for requiring financial assurance measures in licenses and other authorizations for hydroelectric projects.

DATES: Comments are due **[INSERT DATE 60 days after date of publication in the FEDERAL REGISTER]**.

ADDRESSES: Comments, identified by Docket No. RM21-9-000, may be filed in the following ways:

- Agency website: Electronic filing through <http://www.ferc.gov>. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.
- Mail: Those unable to file electronically may mail comments via the U.S. Postal Service to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE, Washington, DC 20426. Hand-delivered comments or comments sent via any other carrier should be delivered to: Federal

Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland  
20852.

*Instructions:* For detailed instructions on submitting comments, see the Comment  
Procedures Section of this document.

FOR FURTHER INFORMATION CONTACT:

Elizabeth Bootz  
(Legal Information)  
Office of the General Counsel – Energy Projects  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426  
(202) 502-6452  
Elizabeth.Bootz@ferc.gov

Kelly Houff  
(Technical Information)  
Office of Energy Projects  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426  
(202) 502-6393  
Kelly.Houff@ferc.gov

SUPPLEMENTARY INFORMATION:

174 FERC ¶ 61,039  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Financial Assurance Measures for Hydroelectric  
Projects

Docket No. RM21-9-000

NOTICE OF INQUIRY

(January 19, 2021)

1. In this Notice of Inquiry, the Federal Energy Regulatory Commission (Commission) seeks comments on whether, and if so, how the Commission should require additional financial assurance mechanisms in the licenses<sup>1</sup> and other authorizations it issues for hydroelectric projects, to ensure that licensees have the capability to carry out license requirements and, particularly, to maintain their projects in safe condition.

**I. Background**

2. Section 4(e) of the Federal Power Act (FPA) authorizes the Commission to issue licenses “for the purpose of constructing, operating, and maintaining dams, water conduits, reservoirs, power houses, transmission lines, or other project works necessary or convenient . . . for the development, transmission, and utilization of power.”<sup>2</sup>

Approximately 1,600 hydroelectric projects throughout the United States are under

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<sup>1</sup> Use of the word “license” herein refers to both licenses and exemptions or licensees and exemptees, unless otherwise specified.

<sup>2</sup> 16 U.S.C. 797(e).

Commission license. In issuing these hydroelectric licenses, the Commission is required to consider power and development purposes and “give equal consideration to the purposes of energy conservation, the protection, mitigation of damage to, and enhancement of, fish and wildlife (including related spawning grounds and habitat), the protection of recreational opportunities, and the preservation of other aspects of environmental quality.”<sup>3</sup> Section 10(a) of the FPA requires that any project for which the Commission issues a license be best adapted to a comprehensive plan for improving or developing a waterway or waterways for the use or benefit of interstate or foreign commerce; for the improvement and use of waterpower development; for the adequate protection, mitigation, and enhancement of fish and wildlife; and for other beneficial public uses, including irrigation, flood control, water supply, recreation, and other purposes.<sup>4</sup>

3. Section 10(c) of the FPA also requires licensees to “maintain the project works in a condition of repair adequate for the purposes of navigation and for the efficient operation of said works in the development and transmission of power, . . . make all necessary renewals and replacements, . . . establish and maintain adequate depreciation reserves for such purposes, . . . so maintain and operate said works as not to impair

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<sup>3</sup> *Id.*

<sup>4</sup> 16 U.S.C. 803(a).

navigation, and . . . conform to such rules and regulations as the Commission may from time to time prescribe for the protection of life, health, and property.”<sup>5</sup>

4. In making its public interest determination under section 10(a), the Commission considers a number of factors, including the economic benefits of project power. The basic purpose of the Commission’s economic analysis is to provide a general estimate of the potential power benefits and the costs of a project, and reasonable alternatives to project power. As articulated in *Mead Corp.*, project economics is one of many factors the Commission considers in determining whether or not, and under what conditions to issue a license.<sup>6</sup> Ultimately, it is up to the applicant to decide whether to accept a license as conditioned and any financial risks that entails. However, the *Mead Corp.* analysis is intended only to provide a rough estimate of the cost of project power compared to that of alternative energy sources: it is not intended to show whether and to what degree the project will have a positive cash flow over the life of the license. The Commission has explained that making predictions of long-term project economics would involve speculation as there are many variables, known and unknown.<sup>7</sup>

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<sup>5</sup> *Id.*

<sup>6</sup> 72 FERC ¶ 61,027, at 61,069 (1995). For example, the Commission will impose reasonable conditions, regardless of their impact on project economics. *See City of Tacoma, Wash.*, 84 FERC ¶ 61,107 (1998), *aff’d in pertinent part, City of Tacoma, Wash. v. FERC*, 460 F.3d 53 (D.C. Cir. 2006).

<sup>7</sup> *See Mead Corp.*, 72 FERC at 61,068 (explaining that long-term economic analyses require many assumptions and that even under relatively stable conditions, “such forecasts could never be more than a general guide”).

5. The Commission has taken steps to protect against the failure of a project sponsor's financial planning. For example, to reduce the risk that a project under construction could be abandoned before completion of construction because of inadequate funds, the Commission has required the licensee to file a financing plan prior to beginning construction.<sup>8</sup> Initially, financing plans were included in original licenses or relicenses with extensive new construction to ensure that construction could be completed;<sup>9</sup> however, the financing plan article has been modified to ensure funds are available for operation and maintenance in addition to construction.<sup>10</sup> Accordingly, the Commission currently includes a financing plan article in licenses that authorize new construction.<sup>11</sup> This article requires licensees to file a project financing plan with the Commission to show that the licensee has the necessary funds to complete project construction and to operate and maintain the project.<sup>12</sup> This article, however, does not

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<sup>8</sup> See, e.g., *City of Le Claire, Iowa*, 74 FERC ¶ 61,127, at 61,462 (1996). In requiring financing plans, the Commission has explained that it is concerned not only about potential environmental impacts associated with a partially constructed project, but also with ensuring that projects are developed in a timely and diligent manner. See, e.g., *Clark Canyon Hydro, LLC*, 150 FERC ¶ 61,195, at P 44 (2015); see also *City of Augusta, Ky.*, 72 FERC ¶ 61,114, at 61,594 (1995).

<sup>9</sup> E.g., *Halecrest Co.*, 60 FERC ¶ 61,121 (1992).

<sup>10</sup> E.g., *Marseilles Land and Water Co.*, 137 FERC ¶ 62,235, at art. 307 (2011), *order on reh'g and clarification*, 138 FERC ¶ 61,120 (2012).

<sup>11</sup> License amendments that approve construction for significant modifications to project facilities may also include financing plan requirements. See, e.g., *BMB Enters., Inc.*, 147 FERC ¶ 62,044, at art. 206 (2014).

<sup>12</sup> E.g., *Kenai Hydro, LLC*, 168 FERC ¶ 61,125, at P 109 and art. 207 (2019).

require a licensee to demonstrate the ability to finance unknown future obligations that may arise from environmental concerns or significant dam safety issues.

6. In rare cases, the Commission has also included a requirement to file a financial assurance plan.<sup>13</sup> The financial assurance article requires licensees to submit a plan that identifies the costs of project facilities that would be removed, secured in-place, or otherwise modified to ensure public safety, as well as other measures needed to protect environmental resources, in the event the licensee cannot complete project construction or is unable to operate the project once construction is complete. After approval of the financial assurance plan and before beginning ground disturbing activities, the licensee must obtain a bond or equivalent financial instrument to ensure the licensee has the economic means to implement the plan. The licensee is also required to file annual reports to document that the bond or equivalent financial instrument remains in effect for the ensuing year.

7. However, the vast majority of existing licenses do not include requirements addressing whether a licensee can afford ongoing operation and maintenance expenses, required environmental or safety measures, or measures required to ensure the facility can meet future dam safety requirements.

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<sup>13</sup> See, e.g., *PacifiCorp*, 144 FERC ¶ 62,239, at art. 307 (2013) (requiring license transferee to file financial assurance plan to demonstrate it had funds necessary to operate and maintain project). See also *Marseilles Land and Water Co.*, 137 FERC ¶ 62,235 at P 80 n.46 (requiring financial assurance plan in addition to the financing plan for an original license, based on “a reasonable possibility that the licensee could find itself in the position of having insufficient funds or project land rights to continue constructing or operating the . . . Project in the absence of a Financial Assurance Plan”).

8. Non-operational or non-compliant projects can pose public safety hazards in the event of a dam failure or breach, as demonstrated by the failure of the Edenville and Sanford dams near Midland, Michigan, on May 19, 2020. The cause of these dam failures is still under investigation. Nonetheless, the licensee of both projects had for many years failed to comply with dam safety directives, at least in part due to the alleged lack of financial capacity to meet Commission requirements, which resulted in the Commission revoking the license for the Edenville project in 2018.<sup>14</sup> The dam failures created an immediate safety hazard requiring thousands to evacuate, and estimates to repair and restore the dams have been more than \$300 million dollars, which does not include the damages that property owners affected by the flooding may have suffered.

9. While significant dam failures have fortunately been very rare, the Commission has seen increasing numbers of projects that are non-operational or out of compliance with their license conditions, where licensees have stated that they cannot afford to operate or maintain the projects or implement required environmental or safety measures. Commission staff regularly works with these licensees to bring these projects back into operation or compliance, but only with mixed success.<sup>15</sup>

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<sup>14</sup> See *Boyce Hydro Power, LLC*, 164 FERC ¶ 61,178 (2018) (revoking the license for the Edenville Project No. 10808 due to the licensee's "longstanding failure to increase the project's spillway capacity to safely pass flood flows, as well as its failure to comply with its license, the Commission's regulations, and a June 15, 2017 Compliance Order"), *order on reh'g*, 166 FERC ¶ 61,029 (2019).

<sup>15</sup> Section 6.4 of the Commission's regulations gives licensees three years to resolve their non-operating issues. 18 CFR 6.4.



10. As of December 2020, Commission staff is aware of approximately 88 projects that are non-operational and is working with licensees of non-operating projects to restore operations. A licensee's lack of financial resources is often a key factor in a project becoming non-operational. For those licensees that cannot restore operation, some licensees apply to surrender their licenses. However, for those where operating the project or bringing the project into compliance is too financially burdensome, the surrender process may also be economically infeasible. Where licensees show the inability or unwillingness to maintain their projects and do not voluntarily seek surrender, the Commission has terminated licenses by implied surrender.<sup>16</sup> But implied surrender may not be appropriate where environmental or dam safety measures need to be taken to leave the project in acceptable condition. In addition to voluntary and implied surrender, the Commission has enforcement mechanisms at its disposal, including license revocation, the imposition of civil penalties, seeking injunction relief in federal court, and referral to the Department of Justice for criminal prosecution. These measures, while appropriate in some cases, may not result in necessary license compliance.

11. Based on the concern that inadequate financing may result in threats to public safety and environmental resources, the Commission is considering whether additional

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<sup>16</sup> See, e.g., *Brentwood Dam Ventures, LLC*, 158 FERC ¶ 61,037 (2017) (terminating the exemption for the Exeter River Hydro #1 Project No. 4254 by implied surrender because the exemptee did not make the necessary repairs to restore project operation); see also *James Lichoulas Jr.*, 124 FERC ¶ 61,255 (2008) (terminating the license for the Appleton Trust Project No. 9300 by implied surrender because the licensee failed to restore project operation after more than a decade), *aff'd*, *Lichoulas v. FERC*, 600 F.3d 769 (D.C. Cir. 2010).

measures should be taken to ensure licensees have the financial resources to operate and maintain their projects for the life of the project, including under unforeseen circumstances. We recognize that imposing additional financial requirements may pose difficulties for licensees, particularly those operating small projects, but are also cognizant of our responsibilities to the public. Therefore, the Commission is soliciting public comment on potential mechanisms to ensure that licensees can afford required safety measures, ongoing project operation and maintenance expenses, and license compliance to prevent future safety and environmental hazards.

## **II. Subject of the Notice of Inquiry**

12. The Commission seeks comments on whether, and, if so, how the Commission should revise its practices for requiring financial assurance mechanisms in the licenses and other authorizations it issues for hydroelectric projects. First, we solicit comments regarding how and when the Commission should require financial assurance from licensees. Specifically, should a financial assurance requirement be included in original licenses and/or on relicense? If on relicense, should such a requirement be included in both new licenses for major projects and subsequent licenses for minor projects? Should the Commission also require financial assurance requirements in other authorizations, such as all exemptions, amendment requests, and transfers? Should the Commission reopen licenses to impose financial assurance measures? Should the Commission require licensees to reaffirm or recertify that they have adequate financial assurance instruments every few years during their license term? If so, how often during a license term should the Commission require licensees to demonstrate that they still have adequate finances?

Should the Commission require licensees to notify the Commission if the circumstances underlying their financial assurance instruments have changed?

13. Below we outline three potential options that Commission staff has identified for establishing financial assurance mechanisms in hydroelectric licenses: (1) requiring licensees to obtain bonds to cover the costs of safety measures and project operation and maintenance; (2) establishing an industry-wide trust or remediation fund or requiring licensees to maintain an individual trust, escrow, or remediation fund; or (3) requiring licensees to obtain insurance policies for unforeseen safety hazards or dam failures. We encourage comments on these options as well as the suggestion of any other alternatives. While the Commission will consider all comments filed, the Commission may not, and is not required to, take further action.

**A. Bonds**

14. The Commission could require licensees to obtain bonds to ensure they have sufficient funds to pay for operation, maintenance, environmental, and safety measures throughout the duration of the license. The Commission seeks comment on this option and the following questions:

- i. Should the Commission require licensees to obtain bonds as a financial assurance mechanism?
- ii. If so, how should the Commission determine the amount of the bond or what factors should the Commission consider when determining the bond amount?

- iii. Are bonds within the resources of all licensees, including those of small hydroelectric projects. Could the Commission mitigate these expenses?
- iv. What other challenges would bond requirements pose to individual licensees, municipal licensees, the public, or the Commission?

**B. Trust, Escrow, or Remediation Fund**

15. The Commission could establish an industry-wide trust or remediation fund to pay for necessary repairs and remediation, similar to the Environmental Protection Agency's superfund program, or could require licensees to maintain an individual trust or remediation fund that is similar to what is done in the nuclear industry. The Commission could also require funds to be placed in escrow. The Commission seeks comment on this option and the following questions:

- i. Should the Commission establish an industry-wide trust or fund as a financial assurance mechanism?
- ii. If so, how should the Commission generate funds for the trust? Should the Commission consider using its annual charge authority to fund an industry-wide trust?
- iii. How should the Commission determine the appropriate level of funds for an industry-wide trust?
- iv. How should the Commission determine how funds are distributed?
- v. Should the Commission require licensees to maintain an individual trust or escrow fund as a financial assurance mechanism?

- vi. For individual trusts, how should the Commission determine the appropriate level of the trust and what factors should the Commission consider in determining amounts?
- vii. For individual escrows, should the Commission require licensees to retain a certain percentage of generation receipts in an escrow account?
- viii. What other challenges would an industry-wide or individual trust pose on individual licensees, small hydroelectric project licensees, municipal licensees, the public, or the Commission?

**C. Insurance**

16. The Commission could require licensees to obtain insurance policies to cover costs in the event of a safety hazard or dam failure. The Commission seeks comment on this option and the following questions:

- i. Should the Commission require licensees to obtain insurance policies as a financial assurance mechanism for project maintenance?
- ii. How should the Commission determine the amount of required coverage of an insurance policy or what factors should the Commission consider when determining the amount of coverage?
- iii. What other challenges would a requirement to obtain an insurance policy pose on individual licensees, small hydroelectric project licensees, municipal licensees, the public, or the Commission?

### III. Comment Procedures

17. The Commission invites interested persons to submit comments and other information on the matters, issues, and specific questions identified in this notice, and any alternative proposals that commenters may wish to discuss. Comments are due **[INSERT DATE 60 days after publication in the FEDERAL REGISTER]**.

Comments must refer to Docket No. RM21-9-000, and must include the commenter's name, the organization they represent, if applicable, and their address.

18. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

19. In lieu of electronic filing, you may submit a paper copy. Submissions sent via the U.S. Postal Service must be addressed to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426.

Submissions sent via any other carrier must be addressed to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852. The first page of any filing should include docket number RM21-9-000.

20. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section

below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

#### **IV. Document Availability**

21. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>). At this time, the Commission has suspended access to the Commission's Public Reference Room due to the President's March 13, 2020 proclamation declaring a National Emergency concerning the Novel Coronavirus Disease (COVID-19).

22. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

23. User assistance is available for eLibrary and the Commission's website during normal business hours from the Commission's Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov), or the Public Reference

Room at (202) 502-8371, TTY (202)502-8659. E-mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

By direction of the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.



**Attachment 2**  
**to**  
**CEO Report**

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**Southeast Alaska By the Numbers 2020**



# SOUTHEAST ALASKA By the Numbers 2020



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## CHANGES 2018 TO 2019

## SOUTHEAST ALASKA'S ECONOMY



REGIONAL POPULATION  
DECREASED BY **284**  
PEOPLE TO **72,373**



LABOR FORCE INCREASED  
BY **455 JOBS** TO **46,097**  
JOBS.  
TOTAL WAGES GREW BY  
**\$63 MILLION** OR **3%**



CRUISE PASSENGERS  
INCREASED BY **14%** TO  
**1.33 MILLION**



TOTAL GOVERNMENT  
PAYROLL INCREASED BY  
**\$4 MILLION** OR **0.5%**



K-12 ENROLLMENT  
INCREASED FOR THE 3RD  
TIME IN 23 YEARS, BY 10  
STUDENTS



TIMBER JOBS  
IN THE REGION INCREASED  
BY **10%**, A GAIN OF 35  
JOBS

**2019** The Southeast Alaska summer of 2019 was filled with record-high temperatures and a historic number of visitors coming to Southeast Alaska.

In many ways 2019 should have marked the region's return to a more prosperous and growing economy. Total jobs were up, along with overall wages. Tourism, seafood, mining, and health care jobs were all up, and timber jobs were up by 10%. Nearly every community in the region posted job gains. The number of school children in the region increased for just the 3rd time in 23 years. The number of cruise ship passengers that visited the region in 2019 increased by 14% over the year before as 1.33 million passengers sailed up the inside passage to spend their summer dollars across the region's larger port communities.

State government continued to shed jobs in 2019, but the region had become more diversified. While the State remains the largest wage provider in the region, the continued loss of government jobs was being offset by increases in other sectors, allowing the overall regional economy to return to a positive trajectory.

By March of 2020, the region was still on track to harness the gains of 2019 and continue to grow. The region had added 200 jobs in the first three months of the year and was gearing up for 1.5 million cruise visitors in 2021.

**2020** On March 13th, schools across Alaska were closed until further notice, a clear signal that the COVID-19 epidemic had arrived in Southeast. The virus would soon take the regional economy down with it. While many hoped that the tourism season could continue in a modified format, Canada's prohibition of cruise ships effectively ended the regional tourism season before it began.

From April through July the region lost nearly 7,000 jobs across every sector, but tourism was particularly devastated. The region has lost 17% of its jobs due to the pandemic so far, and is the most economically impacted area in Alaska. Regional unemployment rocketed to 11.3% in July, and in tourism-dependent Skagway it was 19.1%.

On top of COVID-19, Southeast Alaska is currently experiencing one of its worst fishing seasons on record. Dismal harvest levels are compounded by reduced prices, as the pandemic has limited global seafood demand. There is tremendous uncertainty moving forward. But there is an eventual light at the end of the tunnel. The resources of Southeast Alaska remain strong. It still has beautiful vistas and recreational opportunities, healthy timber stands, a productive ocean, valuable minerals, and its most important resource — the resiliency of Southeast Alaskans themselves.

# A Message from Southeast Conference

## Executive Director Robert Venables



Resiliency in Southeast. This is not a one-time theme or "event". This will be our undertaking during what is likely to be a "2-year winter economy". This pandemic-induced economic coma and its aftermath could last a long time.

First, a word of thanks to our public officials at every level for taking the steps deemed best to ensure the physical

health of every citizen. And to the best of their ability, they are providing resources to stabilize the business sector to get through the initial stages of this pandemic.

Southeast Conference is focused on a two-year resiliency effort that can assist communities and businesses develop and execute a successful economic recovery plan. The economic toll of the pandemic has been especially harsh on small and medium-sized businesses. They lack the capital to continue operations or restart their businesses after a prolonged shutdown. Our survey showed a high level of uncertainty under a fear of bankruptcy.

The Southeast Conference 2025 regional comprehensive economic development strategy will help guide efforts and investments in priority objectives that can help businesses revive and create jobs. Together we will identify potential resiliency, mitigation, and economic recovery action items that will lead to economic revitalization in Southeast Alaska.

Where can infrastructure investment stimulate the economy and prepare the region for a more resilient future? Can technology and automation be the tools of future economies? Join us as we work with local, state, tribal and federally led coronavirus recovery planning efforts and identify economic development projects and take full advantage of available funding opportunities.

Working together, we can speed the recovery process through strategic planning and foster private and non-profit partnership opportunities. Failure is not an option. Unfortunately, the region has vast experience in reinventing its economy after sudden shutdowns in our natural resource and extraction industries. And each time, we rose to the occasion and worked together toward the Southeast Conference mission of strong economies, healthy communities, and a quality environment in Southeast Alaska.

## Incoming President Markos Scheer



Southeast Alaska is such a unique place. It is a place of unparalleled beauty, with thousands of miles of coastline, lakes, island, bay, nooks and crannies that few have explored, and all is bordered by snowcapped mountains, like parapets, protecting the 800 miles region that extends from the southern border south of Ketchikan to Yakutat. The ingenuity, toughness and resiliency of its people and communities is second to none.

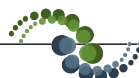
Southeast Conference reflects those people and the environment in which these special Alaskans live, work and play. It is diverse, expansive, spans hundreds of miles and folks are busy with the diverse industries that make Southeast run, including our fishing, mining, mariculture, timber, tourism, and maritime industries. For more than 60 years Southeast Conference is one of the ways that all of Southeast, its people, towns, villages and business come together to work on how to make this remarkable area more prosperous. It is a great representation of how people, communities and businesses, even those that are separated by hundreds of miles, all work together for collective economic growth – a rising tide does indeed raise all ships.

In these challenging times, the value of the role of Southeast Conference can play, as a facilitator, connector and proponent for Southeast businesses, communities and people cannot be overstated. There are many challenges, including COVID-19 and its effects on all of us, the metamorphosis of the fishing, tourism, charter, timber and mining industries in Southeast Alaska and the ongoing work to bring a viable and reliable ferry system back online. Southeast Conference is uniquely positioned to help the region respond to these many challenges and create economic opportunities for everyone.

I moved to Southeast Alaska in 1982. I lived in Thorne Bay, Hollis, Klawock and then Ketchikan. I graduated from Ketchikan High School in 1986. I attended Sitka Fine Arts Camp. I worked for Silver Lining, then a startup Southeast Alaska based seafood company for 12 years. For the next 20 years, I practiced law in Alaska and the west coast, working with seafood and maritime companies that plied the waters from the Bering Sea to California. I became involved in Southeast Conference to lend what I could to the collective efforts. Now that I run a burgeoning mariculture business in Southeast Alaska, the true value of Southeast Conference – and the communities and people that support it -- is even more clear. I look forward to the honor and opportunity to serve as the President of Southeast Conference over the next year.

The mission of Southeast Conference is to **undertake and support activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska**. As the state and federally-designated regional economic development organization, Southeast Conference serves as the collective voice for advancing the region's economy. We have 200 member organizations representing 1,200 people from 32 regional communities. We started 60 years ago with a group of people supporting the establishment of a regional transportation system, leading to the formation of the Alaska Marine Highway System. Our members stayed together through more than a half-century to focus on concerns unique to the region.

**Image Credits:** Front cover photo of Angoon by Heather Holt. Icons by Avery Veliz.



# CHANGE IN THE LAST YEAR: 2018 to 2019

Table tracks key Southeast indicators over the past year, along with associated changes.

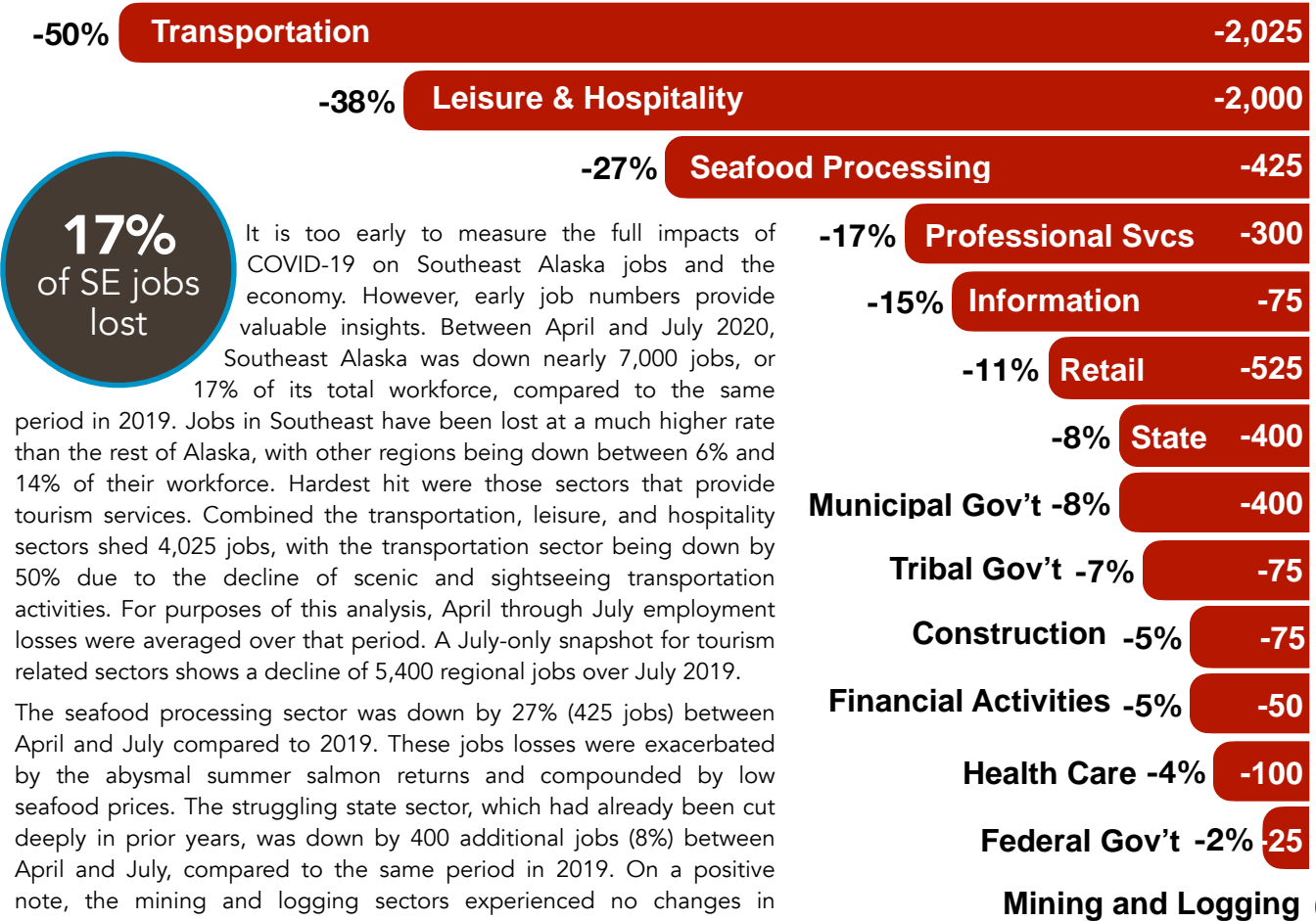
DEMOGRAPHICS	2018	2019	% CHANGE 2018-2019	CHANGE 2018-2019
Population <sup>1</sup>	72,657	72,373	-0.4%	-284
Ages 65 and older <sup>2</sup>	11,055	11,544	4.4%	489
Under Age Five <sup>2</sup>	4,137	3,956	-4.4%	-181
Twenty somethings <sup>2</sup>	8,423	8,319	-1%	-104
K-12 School District Enrollment <sup>3</sup>	11,334	11,344	0.1%	10
GENERAL ECONOMIC CONDITIONS				
Total Labor Force (jobs, includes self-employed & USCG) <sup>1,5,6</sup>	45,642	46,097	1%	455
Total Job Earnings <sup>1, 5, 6</sup>	\$2.28 billion	\$2.35 billion	3%	\$62.9 million
Total Private Sector Payroll <sup>1, 6</sup>	\$1.51 billion	\$1.56 billion	4%	\$59.1 million
Average Annual Wage <sup>1</sup>	\$50,023	\$50,873	2%	850
Annual Unemployment Rate <sup>1</sup>	5.9%	5.9%	0.0%	0.0%
TOP ECONOMIC SECTORS				
2018	2019	% CHANGE	CHANGE	
GOVERNMENT				
PUBLIC SECTOR: 33% OF ALL EMPLOYMENT EARNINGS				
Total Government Employment <sup>1, 5</sup>	13,148	12,994	-1%	-154
Federal Employment <sup>1, 5</sup> (8% of all employment earnings)	2,111	2,032	-4%	-79
State Employment <sup>1</sup> (14% of all job earnings)	4,771	4,705	-1%	-66
City and Tribal Employment <sup>1</sup> (14% of all job earnings)	6,266	6,257	-0.1%	-9
Total Government Payroll (includes USCG) <sup>1, 5</sup>	\$776.9 million	\$780.7 million	0.5%	\$3.77 million
Total State of Alaska Payroll	\$283.3 million	\$284 million	0.2%	\$702,032
VISITOR INDUSTRY				
KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS				
Total Visitor Industry Employment <sup>1, 6</sup>	8,004	8,394	5%	390
Total Visitor Industry Wages/Earnings <sup>1, 6</sup>	\$249.3 million	\$271.6 million	9%	\$22.3 million
<b>Total Southeast Alaska Passenger Arrivals</b>	<b>1,618,311</b>	<b>1,787,345</b>	<b>10%</b>	<b>169,034</b>
Cruise Passengers <sup>10</sup>	1,169,000	1,331,600	14%	162,600
Total Air Passenger Arrivals from Outside SE <sup>11</sup>	435,476	444,217	2%	8,741
Total AMHS Passengers from Outside SE <sup>12</sup>	13,835	11,528	-17%	-2,307
COMMERCIAL FISHING & SEAFOOD INDUSTRY				
KEY INDUSTRY: 10% OF ALL EMPLOYMENT EARNINGS				
Total Seafood Employment (includes fishermen) <sup>1, 6</sup>	3,711	3,743	1%	32
Total Seafood Employment Earnings <sup>1, 6</sup>	\$237.4 million	\$238.0 million	0%	\$584,614
Value of Seafood Processed <sup>7</sup>	439.7 million	422.0 million	-4%	-17.6 million
Pounds Landed (commercial seafood whole pounds by SE residents) <sup>8</sup>	185.2 million	208.3 million	13%	23.2 million
Estimated Gross Earnings (ex-vessel value of pounds landed) <sup>8</sup>	\$246.9 million	\$217.6 million	-12%	-\$29.3 million
HEALTH CARE INDUSTRY (PUBLIC & PRIVATE HEALTH)				
KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS				
Health Care Employment <sup>1, 6</sup>	3,547	3,574	0.8%	27
Health Care Wages <sup>1, 6</sup>	\$216.8 million	\$227.4 million	5%	\$10.6 million
MARITIME ECONOMY (Includes employment from all industries)				
TOP SECTOR: 27% OF PRIVATE SECTOR EMPLOYMENT EARNINGS				
Private Maritime plus USCG Employment <sup>1,5,6</sup>	6,273	6,544	4%	271
Private Maritime plus USCG Wages <sup>1,5,6</sup>	\$396.8 million	\$408.9 million	3%	\$12.1 million
OTHER SELECTED STATISTICS				
2018	2019	% CHANGE	CHANGE	
Construction Employment <sup>1, 6</sup> (6% all employment earnings)	1,909	1,903	0%	-6
Mining Employment <sup>1</sup> (4% of all employment earnings)	889	934	5%	45
Timber Employment <sup>1</sup> (4% of all employment earnings)	337	372	10%	35
Price of Gold <sup>7</sup>	\$1,269	\$1,392	10%	123
Total Southeast AMHS Ridership <sup>12</sup>	179,312	135,388	-24%	-43,924
Cost of Living: Consumer Price Index <sup>1</sup>	225.5	228.7	1%	3
Housing Starts: Housing Permitted /Completed <sup>4,1</sup>	188	294	56%	106
Avg. Daily Volume ANS Oil Production (mbbls/day) <sup>14</sup>	508,601	489,771	-4%	-18,830
Annual Avg. Domestic Crude WTI Oil Prices (in \$/Barrel) <sup>14</sup>	\$71.71	\$65.49	-9%	-\$6.22

**Sources:** <sup>1</sup>Alaska Department of Labor (ADOL); <sup>2</sup>ADOL Southeast Alaska Population by Age, 2018, 2019; <sup>3</sup>Alaska Department of Education and Early Development; <sup>4</sup>Based on the quarterly Alaska Housing Unit Survey, a survey of local governments and housing agencies; <sup>5</sup> US Coast Guard; <sup>6</sup> 2018 US Census Nonemployer (self-employment) Statistics; <sup>7</sup>Kitco Metals Inc.; <sup>8</sup>ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information, 2018, 2019; <sup>9</sup>Cruise Line Agencies of Alaska; <sup>10</sup>US Bureau of Transportation Statistics (RITA); <sup>11</sup>Alaska Marine Highway System data; <sup>12</sup>Alaska Department of Revenue Crude Oil and Natural Gas Prices. 76 of 109 pages.

# 2020 Southeast Jobs COVID Impacts

Change in Southeast Jobs: **April to July 2020 Compared to 2019 = -6,850**

COVID-19 Impacts 2020



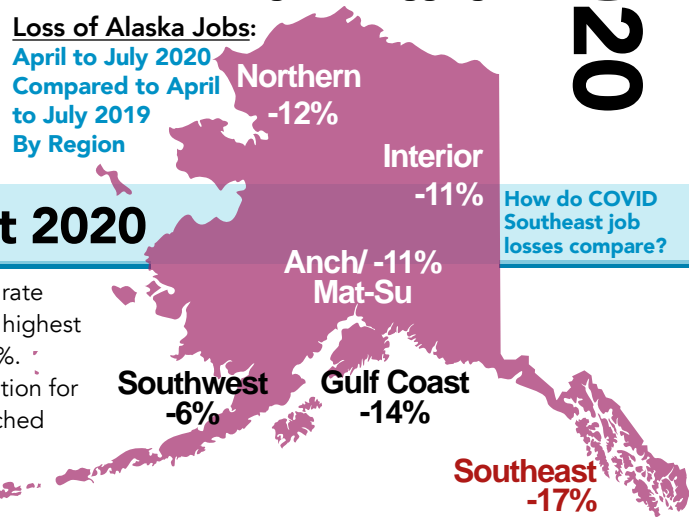
**17%**  
of SE jobs  
lost

It is too early to measure the full impacts of COVID-19 on Southeast Alaska jobs and the economy. However, early job numbers provide valuable insights. Between April and July 2020, Southeast Alaska was down nearly 7,000 jobs, or 17% of its total workforce, compared to the same period in 2019. Jobs in Southeast have been lost at a much higher rate than the rest of Alaska, with other regions being down between 6% and 14% of their workforce. Hardest hit were those sectors that provide tourism services. Combined the transportation, leisure, and hospitality sectors shed 4,025 jobs, with the transportation sector being down by 50% due to the decline of scenic and sightseeing transportation activities. For purposes of this analysis, April through July employment losses were averaged over that period. A July-only snapshot for tourism related sectors shows a decline of 5,400 regional jobs over July 2019.

The seafood processing sector was down by 27% (425 jobs) between April and July compared to 2019. These jobs losses were exacerbated by the abysmal summer salmon returns and compounded by low seafood prices. The struggling state sector, which had already been cut deeply in prior years, was down by 400 additional jobs (8%) between April and July, compared to the same period in 2019. On a positive note, the mining and logging sectors experienced no changes in workforce levels during COVID-19 so far.

Note that self-employment data for this period is not available and has not been included in this analysis. Approximately one-fifth of Southeast jobs are independent workers, including sole-proprietors and commercial fishermen.

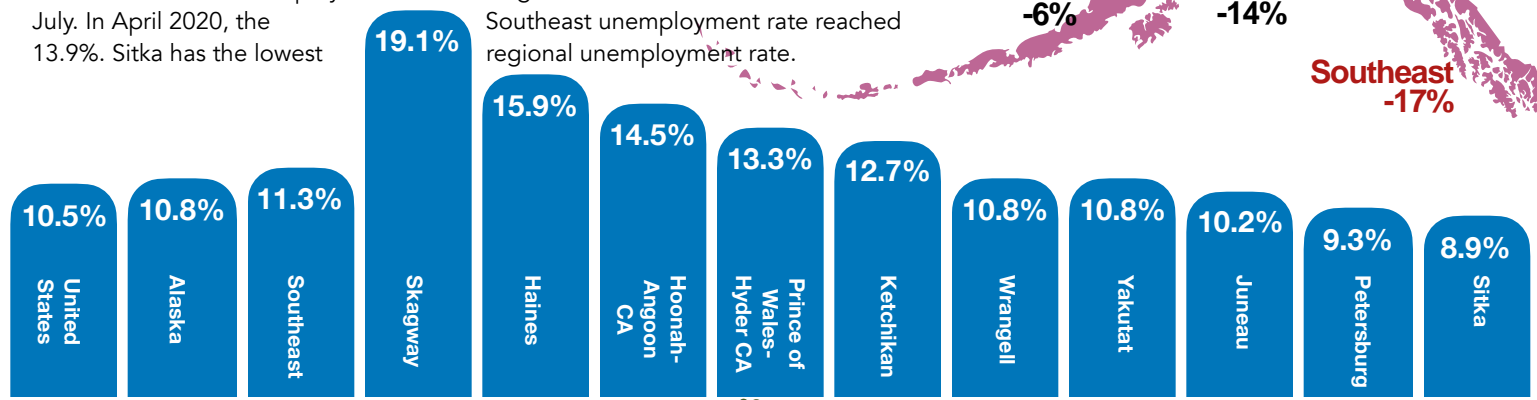
Loss of Alaska Jobs:  
April to July 2020  
Compared to April  
to July 2019  
By Region



How do COVID Southeast job losses compare?

## Southeast Alaska July Unemployment 2020

Between July of 2019 and July of 2020, the Southeast Alaska unemployment rate jumped from 4.7% to 11.3%. The Skagway Borough currently has the second highest unemployment rate in Alaska as a whole, with an unemployment rate of 19.1%. Southeast Alaska's unemployment rate was higher than that of the state or nation for July. In April 2020, the Southeast unemployment rate reached regional unemployment rate.



Source: Alaska Department of Labor

# The Whole Southeast Alaska Economy 2019

In 2019, Southeast Alaska gained 455 year-round equivalent jobs and \$63 million in workforce earnings over 2018. Approximately a quarter (26.1%) of regional workers are non-residents.

## Annual Average Jobs

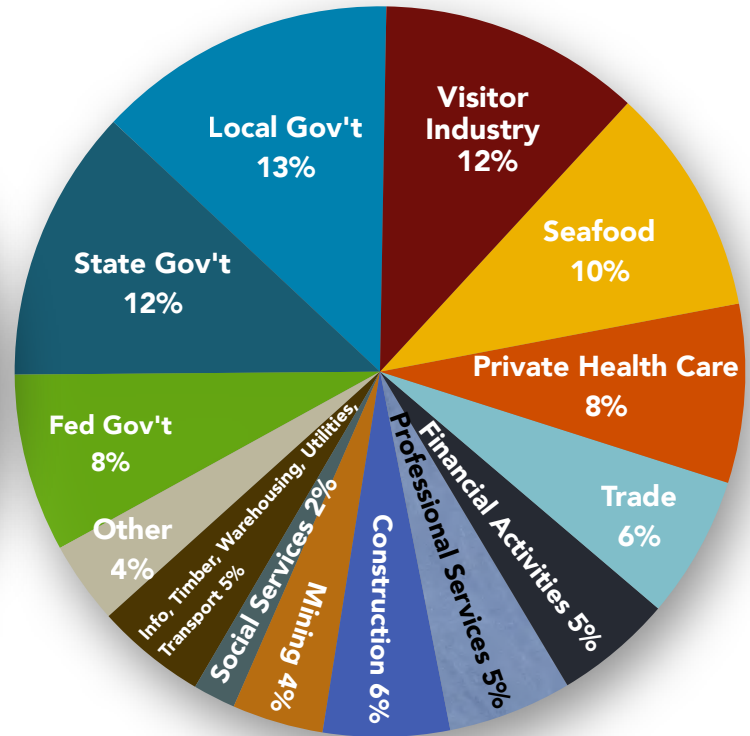
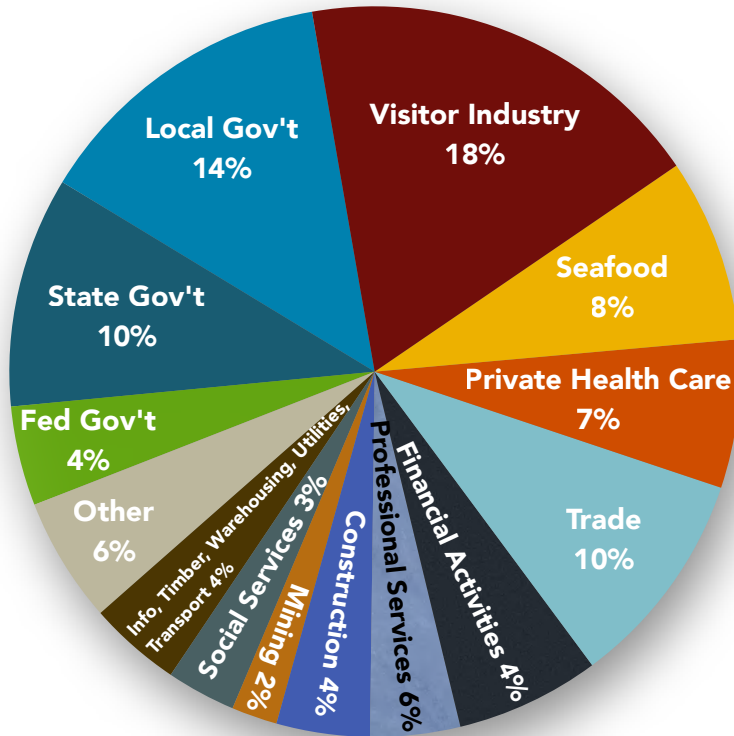
46,097 Jobs

UP 455 JOBS IN 2019 +1%

## Employment Earnings

\$2.3 Billion Workforce Earnings

UP \$63 MILLION +3%



## 2019 Southeast Alaska Employment Earnings

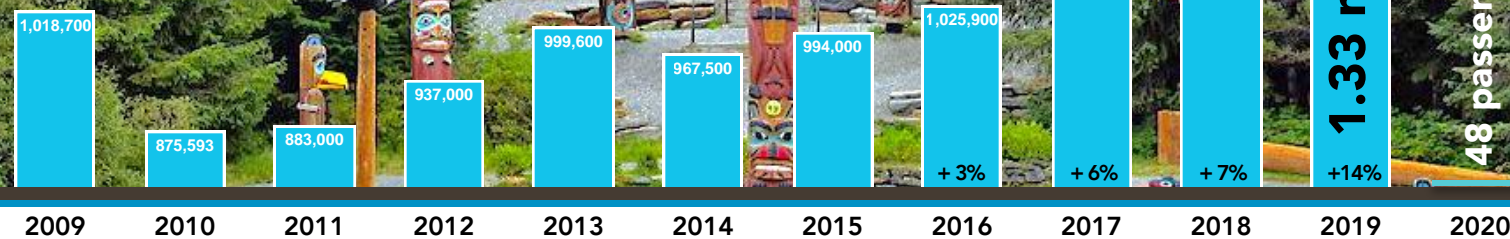
	EMPLOYMENT RELATED EARNINGS			EMPLOYMENT NUMBERS		
	Wages (2019)	Self-Employment Earnings (2018)	Total Earnings	Annual Average Employment (2019)	Self-Employed (2018)	Total Employment
Government (includes Coast Guard)	\$720,119,719	\$60,582,082*	\$780,701,802	12,354	640*	12,994
Visitor Industry	\$235,179,580	\$36,429,000	\$271,608,580	7,344	1,050	8,394
Seafood Industry	\$69,711,072	\$168,316,000	\$238,027,072	1,497	2,246	3,743
Trade: Retail and Wholesale	\$123,764,467	\$24,031,000	\$147,795,467	3,905	567	4,472
Health Care Industry (private only)	\$171,156,119	\$14,417,000	\$185,573,119	2,762	263	3,025
Construction Industry	\$92,347,611	\$38,999,000	\$131,346,611	1,332	571	1,903
Financial Activities	\$54,349,824	\$74,373,000	\$128,722,824	1,072	761	1,833
Professional and Business Services	\$78,474,062	\$43,487,000	\$121,961,062	1,622	1,319	2,941
Mining Industry	\$94,460,451	\$307,000	\$94,767,451	927	7	934
Social Services	\$40,307,321	\$3,977,000	\$44,284,321	1,227	187	1,414
Information (publishing, broadcasting, telecomm.)	\$22,941,315	\$1,358,000	\$24,299,315	475	60	535
Timber Industry	\$20,478,427	\$2,038,000	\$22,516,427	315	57	372
Warehousing, Utilities, & Non-Visitor Transport	\$53,270,575	\$14,500,000	\$67,770,575	815	162	977
Other	\$60,615,872	\$25,120,000	\$85,735,872	1,657	903	2,560
<b>Total</b>	<b>\$1,837,176,415</b>	<b>\$507,934,083</b>	<b>\$2,345,110,498</b>	<b>37,304</b>	<b>8,793</b>	<b>46,097</b>

**Sources:** Alaska Department of Labor 2019 Employment & Wage data; 2018 (latest available) US Census Nonemployer (self-employment) Statistics; Active Duty Military Population by 2019, ADOL.\*These cells in Government refer to 2019 active duty Coast Guard personnel employment and wages, and not self-employment data.

**Notes:** **Seafood Industry** includes animal aquaculture, fishing & seafood product preparation, and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew who did not report income are excluded). **Visitor Industry** includes leisure & hospitality, and visitor transportation (air, water, scenic). **Timber** includes forestry and logging support activities for forestry, and wood product manufacturing.



# THE VISITOR INDUSTRY



## Visitor Industry

8,350 Annualized Jobs  
\$272 Million in Wages

**UP 390 JOBS IN 2019 +5%**  
**WAGES UP 9%**

**2019** The 2019 visitor season in Southeast Alaska was record

breaking by nearly every measure: passenger arrivals increased by 10%, industry wages by 9%, and jobs grew by 5%. In 2019 the visitor industry was the largest jobs provider for the region, accounting for 18% of all annualized employment in Southeast Alaska. The visitor sector paid out more wages than any other private sector industry and had been set to surpass the state and municipal sectors to become the largest wage provider in the region overall in 2020.

The gains in 2019 followed a meteoric rise. Since 2011, tourism added 2,400 year-round equivalent jobs to the Southeast economy, growing to 8,350 annualized jobs, while tourism workforce earnings grew by 66%. Those working in the visitor industry earned \$272 million in 2019—or 12 percent of all regional employment income. The average annualized wage in the visitor industry was \$32,360, lower than the average regional wage of \$50,870, but that figure had also been steadily increasing over time.

In 2019, 1.8 million air, ferry, and cruise passengers came to Southeast Alaska from

outside the region. Airline passenger traffic from outside the region grew 2%, and cruise passenger traffic to the region increased by 14%. Only one indicator trended downwards. Ferry passengers from outside the region fell by 17% due to the continued dramatic decreases in AMHS funding and service.

**2020** In 2020 the economic trajectory of the visitor industry abruptly changed. The impact of COVID-19 on the tourism sector has been nothing short of devastating. In June 2020, business leaders in the visitor sector reported on how their businesses were fairing:

- Tourism businesses reported that their 2020 revenue was down by **83%** over 2019.
- **55%** of existing tourism staff was laid off, and planned summer hires were cancelled.
- **29%** of tourism businesses expect to make additional layoffs moving forward.
- **35%** of tourism businesses say they are at risk of closing permanently before July 2021, if conditions do not improve.

### CRUISE SHIP SEASON CANCELLED

Tourists in Southeast Alaska are predominantly cruise ship visitors, which had been expected to make up 90% all of tourists in 2020. In 2020, 43 cruise ships were scheduled to visit the region, carrying 1.41 million passengers on 606 voyages. All cruises but two were cancelled. Two small cruise ships attempted trips with 48 combined passengers, but one of those trips was aborted.

In a typical year, Southeast Alaska would have been the most visited part of the state, with two-thirds of all tourists coming to the region. In 2020, tourists had been expected to spend nearly \$800 million across Southeast Alaska communities. The region had been gearing up for 1.54 million expected cruise passengers in 2021. For July 2020 the combined visitors industry sectors were down by 5,400 jobs over July 2019.

### DECREASED JET PASSENGERS

After five years of record-breaking air passenger numbers, passenger traffic is down significantly in 2020. By July 2020 passenger arrivals were down by 57% across the region, with July-only traffic 71% below July 2019.

### INCREASED SUPER YACHTS

One type of tourist increased significantly. The number of super yachts in the region, 115 ft or larger, increased by 31% to 63 Juneau port visits in the summer of 2020.

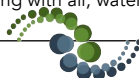
### PLANNING FOR 2021 AND 2022

Europe has adopted protocols for the resumption of cruise operations, providing a potential model for the 2021 Alaska season. However, with so much uncertainty regarding when the CDC or Canada will allow operations, or what ship capacity be, planning for the 2021 tourism season proceeds cautiously. Industry member, Kirby Day, is encouraging businesses to develop plans. "We do not know what the 2021 season will bring and may not know for sure until the Spring," Mr. Day writes. "Therefore, create sanitation, health and prudent financial plans that allows you to address the challenges if necessary, until 2022."

**Sources:** Combination of ADOL 2019 Employment and Wage data and 2018 US Census Nonemployer (self-employment) Statistics; McDowell Group; US Bureau of Transportation Statistics (RITA); Alaska Marine Highway System; Cruise Line Agencies of Alaska; Cruise Market Watch; Cruise Critic; Juneau International Airport Passenger Statistics; Economic Impact of Alaska's Visitor Industry. Forecast 2020 U.S. Department of Commerce, US Office of Travel and Tourism Industries. OMB budgets. Cruise Lines International Association Alaska.

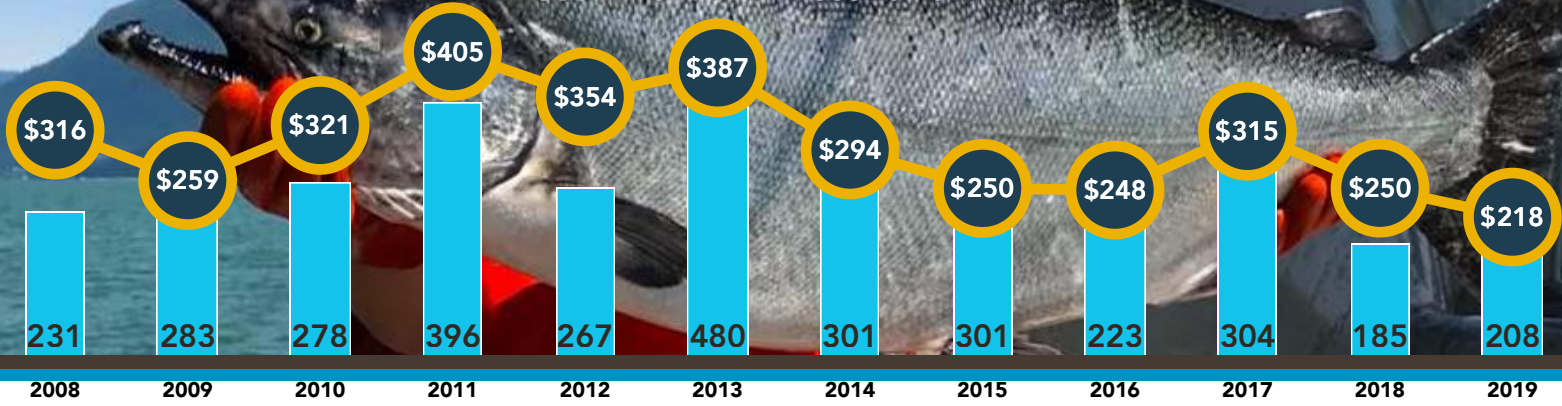
**Note:** In this analysis, the visitor industry includes leisure and hospitality businesses, along with air, water & scenic transportation companies.

**Photo:** Saxman Totem Park.



# THE SEAFOOD INDUSTRY

VALUE & POUNDS OF SEAFOOD LANDED  
SOUTHEAST ALASKA 2008 TO 2019



## Southeast Seafood Industry 3,743 Jobs

UP 32 JOBS IN 2019

**2019** The Southeast Alaska seafood harvest in 2019 was 208 million pounds with an ex-vessel value of \$218 million. The regional 2019 fishing season was significantly below the ten-year average, with lower pink salmon returns and harvest returns primarily to blame.

The overall catch was 31% below the 10-year seafood average in terms of pounds landed. Fishermen caught 53 million fewer pounds of pink salmon than they did, on average, between 2009 and 2018 (-41%); and 26 million fewer pounds of herring (-93%). Still, the total catch was a slight increase over 2018 by volume.

The 2019 catch was 29% below the inflation-adjusted 10-year average value of \$308 million. The impacts of the US-China trade war, resulting in lower seafood prices, led to an unusually low overall catch value in 2019.

### KEY ECONOMIC DRIVER

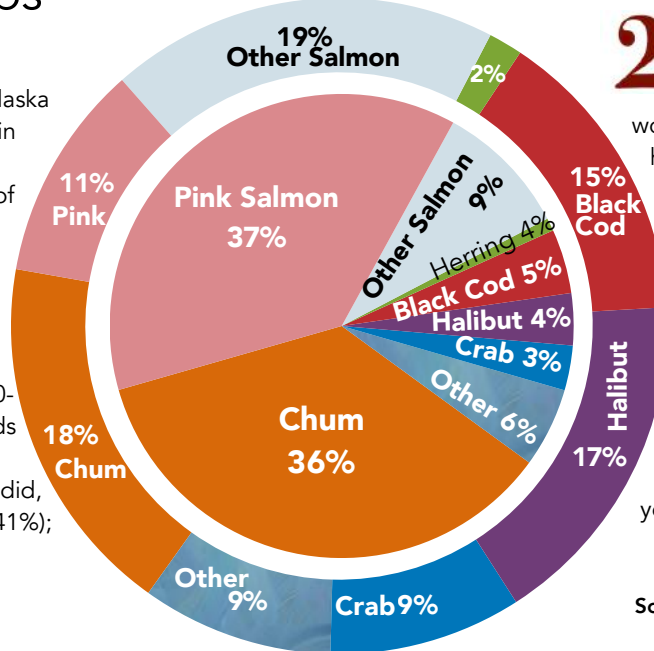
The regional seafood industry (including commercial fishing and seafood processing) generated 3,743 annual regional jobs and \$238 million in earnings in 2019, making up 8% of jobs in the region and 10% of all earnings. While this represents 32 more annualized jobs over 2018, it is a loss of 650 seafood sector jobs since 2015.

In 2019, the five salmon species represented

**Sources:** Combination of ADOL 2019 Employment and Wage data; 2018 US Census Nonemployer (self-employment) Statistics; ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information; Alaska Commercial Salmon Harvests and Ex-vessel Values, ADF&G. Weekly Alaska Salmon Harvest Updates are produced for ASMI by The McDowell Group. **Seafood Industry** includes animal aquaculture, fishing, & seafood product preparation and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew who did not report income are excluded). **Photo:** Helen Decker.

SEAFOOD LANDED IN SE ALASKA BY SPECIES, 2019

Outer ring = % of harvest by DOLLAR value: \$218 million  
Inner pie = % of harvest by POUNDS landed: 208 million



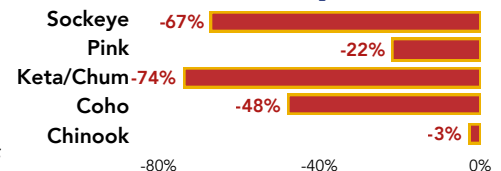
83% of the regional seafood catch by volume, and just under half of total ex-vessel value (\$104 million). Halibut and black cod, at 8% of the total catch, accounted for one-third of total catch value in 2019. The majority of the statewide catch of Chinook, coho, keta (chum), shrimp, Dungeness crab, and the dive fisheries occurs in Southeast Alaska.

In 2019, shore-based seafood facilities in Southeast Alaska processed 153 million pounds of seafood, with a wholesale value of \$422 million. This represented a 15% increase in seafood pounds processed compared to 2018, but an \$18 million decline in the value of processed product.

## 2020

Twenty-twenty is currently on track to go down as one of the worst seafood seasons in Southeast Alaska history. Reduced seafood prices — due to the shutdown of the global restaurant sector, as well as trade war tariffs — coincided devastatingly with one of the worst salmon catches on record. Processors spent millions on mitigation measures, further impacting ex-vessel prices and workforce levels. The fishing season remains ongoing. In ASMI's August 29th, 2020 update, the salmon catch is significantly below where it was a year ago in terms of total fish caught:

SE Salmon Catch: 2020 vs. 2019  
Year over year: week 35



"For context" one sockeye fisherman explains, "in a good year we catch 4-5 times this year's catch, and our best year is more than 6 times higher than 2020."

Seafood remains critical to the regional economy and way of life. However, the sector faces growing uncertainty regarding changing ocean conditions, tariffs, state budget cuts, regulatory decision-making, and global farmed seafood competition. Meanwhile, the fledgling mariculture industry continues to grow.







## Southeast Timber Industry 372 Jobs

UP 35 JOBS IN 2019 +10%

# 2019

In a rare reversal of fortune, regional timber jobs increased



by 10% in 2019, while timber wages grew by 20%. The workforce increase was small however; growing by just 35 annualized jobs to 372 in 2019, with total workforce earnings of \$22.5 million. Most of the region's timber jobs are concentrated on Prince of Wales Island, which is home to Viking Lumber, the last remaining mid-sized sawmill in Southeast Alaska. Southeast timber jobs peaked at 3,543 annual average jobs in the 1990s. Regional timber job increases were mostly due to increased timber processing activity, rather than harvesting. Tessa Axelson, Executive Director of the Alaska Forest Association, notes that total timber harvest actually decreased in 2019. A land exchange between the Mental Health Trust and the US Forest Service opened up limited areas for timber, keeping the industry viable.

# 2020

Despite a successful 2019, regional timber supplies are worrisomely low in 2020. The Forest Service has not provided the industry with acreage commitments put forth in the 2016 Tongass Land and Resource Management Plan, meaning operators still do not have a predictable timber supply upon which to build longer-term business plans. Moreover, the industry — currently comprised of a handful of small operators across the region — continues to face constant litigation, along with a coordinated national campaign intended to sow public disapproval of the regional industry.

While there are continued opportunities for timber sales in Asia, the trade war includes regional timber, making it difficult to negotiate agreements. Spruce remains the subject of higher Chinese import tariffs, especially impacting northern Southeast, where the forests are primarily spruce. U.S. lumber exports to China fell by 57% in 2019.

The potential removal of Roadless Rule restrictions in 2020 could make more suitable timber land available for harvesting. The Forest Service also needs to amend its 2016 management plan to make more timber available.

**Sources:** ADOL 2019 Employment and Wage data; Kitco Metals Inc; Coeur Mining Inc. 2019 Annual Report; Hecla Mining Company 2019 Annual Report. U.S. International Trade Commission. **Photo credits:** Tessa Axelson and Kensington Mine.

## Southeast Mining Industry 934 Jobs

UP 45 JOBS IN 2019 +5%

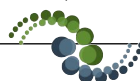
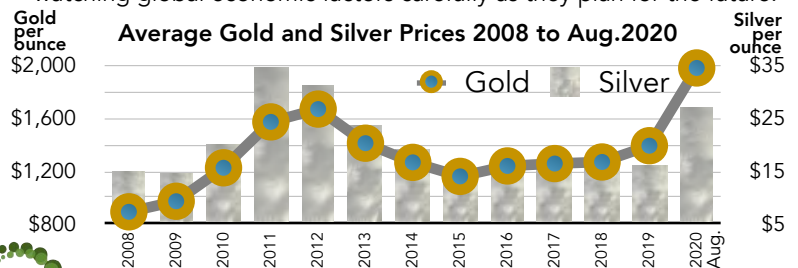
# 2019

Mining industry employment in the region was up in 2019, growing by 5%. There were 934 annual average mining jobs in Southeast Alaska, with a payroll of \$95 million. The average annual mining wage was \$101,500 in 2019, double the overall regional wage of \$51,900. Two large mines operating in the region account for most mining employment. Hecla Greens Creek is one of the largest silver mines in the world, while Coeur Alaska's Kensington Mine is exclusively a gold mine. In 2019 Greens Creek milled its highest tonnage in 30 years of operation as well as its highest silver production and Silver production was up 24% to 9.9 million ounces. Kensington achieved record gold production of 127,914 ounces, an increase of 12% over the prior year. Active mining exploration is occurring around the region, most notably in Juneau, Haines, and Prince of Wales.

# 2020

In August 2020, Hecla Greens Creek had 440 full-time permanent employees (+4 from 2019), and Coeur Alaska Kensington had a staff of 386 (the same as 2019). While shift change protocols had to be reimagined in response to COVID-19 mandates and safety precautions, mining is the only sector in which jobs and revenue did not decrease during the pandemic, providing much needed economic stability for the region.

Metal prices, which tend to rise in response to economic turmoil, have been surging. The price of gold reached an all-time high of \$2,067 in August, while silver has reached its highest levels since 2013. As global productivity outside the US has returned, Zinc prices increased by 25% between March and August. The resurgence in precious metals prices provides optimism but mining leaders in the region are watching global economic factors carefully as they plan for the future.





## Construction Industry

1,903 Jobs

**DOWN 6 JOBS IN 2019 -0.3%**

**2019** For the sixth year in a row construction employment is down, bringing employment to its lowest level since the early 1990's, although the decline had stabilized. Jobs fell by just 6 last year to 1,903, a combined loss of 356 jobs, or 16% decline, since 2013. Construction workers in the region earned \$131 million in 2019 — or 4% of all Southeast Alaska employment earnings.

One positive indicator for the sector was that housing construction was up in 2019, as 106 more housing units were permitted or completed than in the year prior. A total of 294 new homes were permitted in 2019, an increase of 56%. The regional residential housing market has not experienced decline.

**2020** Construction work during the first half of 2020 remained steady as planned projects to support the tourism sector moved forward. These projects had the unexpected benefit of being able to occur without having to simultaneously manage large visitor traffic volumes. However, there is a great deal of uncertainty moving forward in the construction/engineering sector. Generally, firms are busy at the moment, but there are few future projects in the pipeline to provide longer-term security. Cuts in state spending led to the reduction of large-scale construction projects across the region. While new projects related to the visitor industry were filling that gap, projects that were not completed this summer have been delayed until the tourism industry gets back on track. Communities like Juneau are developing proposals to create some level of construction activity by focusing on deferred maintenance projects in order to stimulate the economy during COVID-19, but the volume of such potential investments remains relatively small. Federal construction projects appear to be the most promising moving into 2021.

**Sources:** Combination of Alaska Department of Labor 2019 Employment and Wage data and 2018 US Census Nonemployer (self-employment) Statistics; State of Alaska. Note: Last year's SEBTN included State Pioneer Home health care provider numbers. This year those numbers were not available and were excluded. **Photography credits:** SEARHC and Robert Sharclane.

## Southeast Health Care Industry 3,574 Jobs

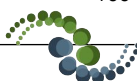
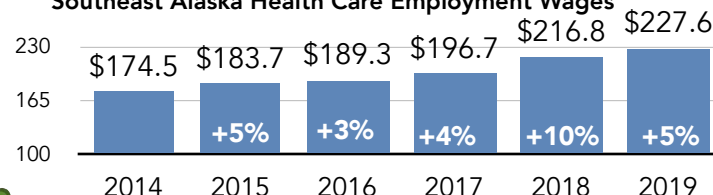
**UP 27 JOBS IN 2019 +0.7%**

**2019** Southeast Alaska's 3,574 healthcare workers comprised 8% of the regional workforce in 2019, earning 11% (\$227 million) of all wages. Regional health care employment continued to increase, albeit incrementally, as the sector added 27 more annualized jobs in 2019. Wages for the industry have been rising more quickly in an effort to attract workers, growing by \$53 million since 2014. The region was already facing a shortage of health care workers due to an aging populace and growing patient volumes. With the advent of COVID-19, the demand for health care workers has intensified nationally and globally, making it even more difficult for the region to attract and compete for workers.

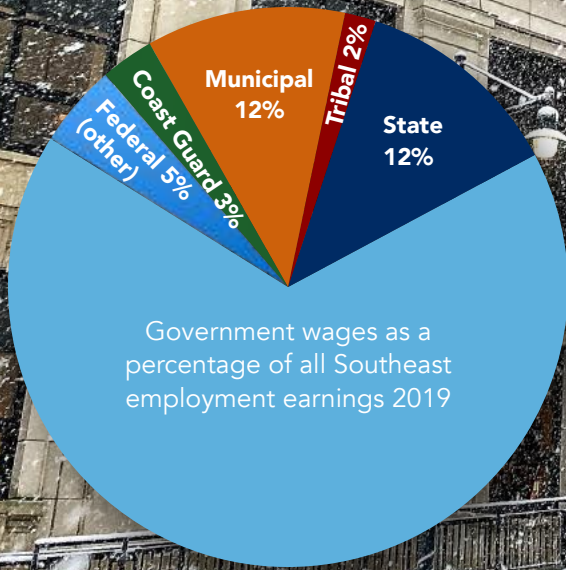
Health care jobs have been moving from the public sector to the private sector. Southeast Alaska Regional Health Consortium (SEARHC) has been collaborating with struggling municipal hospitals to provide services. In the past two years, SEARHC took over operations of the Sitka and Wrangell hospitals.

**2020** Health care became the nation's top priority in 2020, as well as the region's. According to the business climate survey, health care is the regional sector most likely to add workers over the coming year. Southeast health care institutions have shown a high level of readiness in the face of the COVID-19 crisis. Despite significant job cuts across most other sectors, health care employment levels have remained relatively constant, as workers are being redeployed to high demand roles, such as virus testers and screeners. Still, providers understand that there are vulnerabilities within the health care system that are likely to be exacerbated following the COVID-19 crisis, such as Medicaid cuts and reduced access to health care insurance.

**Southeast Alaska Health Care Employment Wages**



# GOVERNMENT



## Government Jobs 2019

**Local** 5,252 Jobs -9  
**State** 4,705 Jobs -66  
**Federal** 2,032 Jobs -79  
**Tribal** 1,000 Jobs +1

## Government 12,994 Jobs

**DOWN 153 JOBS IN 2019 -1%**

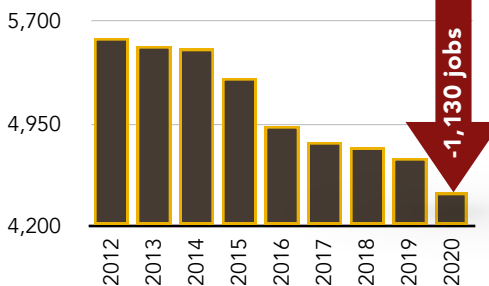
**2019** Government wages made up one-third of all regional employment earnings (\$781 million) and 28% of the region's jobs (12,994) in 2019.

### STATE GOVERNMENT LOSSES

For the past eight years, the region has struggled with the impacts of decreased State government employment and spending. The state remains the region's most important economic sector, providing 12% of all regional wages. From 2012 to mid-2020, state jobs have fallen by 20%, a decline of 1,130 annualized workers. Outside Southeast, 13% of state jobs have been cut. Historically, oil accounted for up to 90% of the state Unrestricted General Fund (UGF); today, oil covers about 30 percent.

### Southeast State Jobs

State jobs in the region are down for the 8th year in a row, for a total of 1,130 jobs lost since 2012, a decline of 20%



### FEDERAL GOVERNMENT

Federal government employment losses have compounded state job cuts. Since 2005, federal employment in the region has fallen by 680 jobs in Southeast Alaska.

### LOCAL GOVERNMENT

Local entities across the region are scrambling to provide new programs and services to replace those cut by the state, resulting in financial stress as municipalities try to do more programming with reduced funding.

### STATE BUDGET CRISIS

Even before COVID-19, Alaska's budget was in a state of crisis due to declining oil production and prices. The state has operated in deficit mode for the past seven years, using \$17 billion in savings to cover budget gaps. What was once an almost inexhaustible savings reserve is set to be depleted by 2021, reducing the resiliency of

the state's financial position. Like most states, education and health spending are Alaska's largest operating expenses, accounting for 48% of UGF expenditures, while Permanent Fund Dividend (PFD) payments comprised 18%. Alaska has no state sales tax, no state property tax, and no income tax.

**2020** The pandemic is exacerbating an already difficult

situation. Even without PFD payments, the state will not have enough cash in its primary savings account to cover the budget deficit.

The saving grace is that a portion of the \$5 billion in federal COVID-19 relief funds designated for Alaska has made its way to the region, including \$120 million that is in the process of being distributed to communities. Relief funding is critical in supporting regional households, businesses, service providers, and communities during COVID-19.

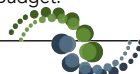
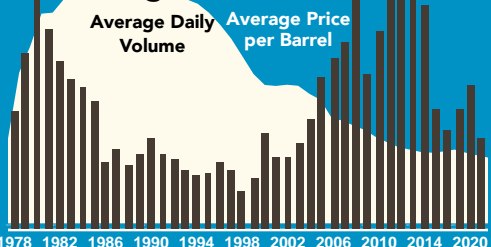
SE COVID-19 RELIEF	
Community	CARES \$
Juneau Borough	\$53,288,390
Ketchikan Borough	\$22,975,750
Sitka Borough	\$14,057,653
Skagway Municipality	\$7,475,032
Prince of Wales	\$4,400,332
Petersburg Borough	\$4,062,709
Haines Borough	\$4,007,216
Wrangell Borough	\$3,851,103
Hoonah-Angoon Census Area	\$2,997,312
Yakutat Borough	\$1,579,859
Metlakatla, Kake, Hyder	\$1,025,359
<b>SE Total</b>	<b>\$119.7 mill</b>

Sources: ADOL 2019 Employment and Wage data; Alaska Department of Revenue Crude Oil Prices. Fitch Ratings. Alaska Office of Management Budget.

### Avg. Daily Volume of the Trans Alaska Pipeline System and Inflation Adjusted Price Per Barrel, 1978-2020

Oil revenues accounted for up to 90 percent of the state's unrestricted revenues

### How we got here



# SOUTHEAST ALASKA REGIONAL OVERVIEW

THE FEDERALLY-MANAGED TONGASS NATIONAL FOREST MAKES UP NEARLY 4/5TH OF ALL SOUTHEAST ALASKA

78%

16%

OTHER FEDERAL HOLDINGS MAKE UP NEARLY ALL THE REST (MOSTLY GLACIER BAY)

3.4%

ALASKA NATIVE ORGANIZATIONS ARE THE REGION'S NEXT LARGEST LANDOWNER

2.5%

STATE OF ALASKA LANDS INCLUDE THOSE MANAGED AS PART OF THE MENTAL HEALTH TRUST

0.25%

MUNICIPAL LAND HOLDINGS

0.05%

PRIVATE LANDOWNERS

Southeast Alaska Land Ownership

Circle size = Number of Acres

## THE REGION

The Southeast Alaska panhandle extends 500 miles along the coast from Metlakatla to Yakutat, encompassing approximately 33,500 square miles of land and water. The saltwater shoreline of Southeast Alaska totals approximately 18,500 miles. More than 1,000 islands make up 40 percent of the total land area. The region is home to 34 communities. The three largest communities—Juneau, Ketchikan, and Sitka—together are home to 75 percent of the regional population.

## CULTURE

The dominant culture in the region is indigenous. Alaska Natives—the Tlingit, Haida, and Tsimshian—make up nearly a quarter (23%) of the region's population. The Tlingit have resided in the region for 11,000 years. The region's mild climate, abundant food and raw materials supported the development of highly organized and culturally advanced societies with extensive trade routes and rich artwork.

## ECONOMIC TRENDS

Starting in the 1880s, the economy of Southeast Alaska experienced a century of growth that intensified after statehood in 1959. From statehood into the 1990s, population and employment levels in Southeast more than doubled as the workforce expanded in the areas of mining, government, fishing, tourism, and timber. In the beginning of the 1990's seafood and timber directly accounted for a fifth of the regional economy. However, over that next decade pulp mills and sawmills in the region closed, laying off 3,200 workers. During the same period, the value of salmon declined and catch levels fell. The population continued to decline through 2007. Between 2008 and 2015, the region experienced a significant economic recovery, rebounding to record numbers of jobs, wages, and residents. However, the state budget crisis cut resulted in 1,130 State of Alaska jobs cut across the region, reversing the economic trajectory. The strength of the visitor sector was poised to lead the regional to a stronger economic position in 2020, but the COVID-19 pandemic wiped out the tourism season, wreaking havoc across the regional economy. An extremely poor 2020 salmon season is exacerbating the economic impacts of the pandemic.

## LAND OWNERSHIP

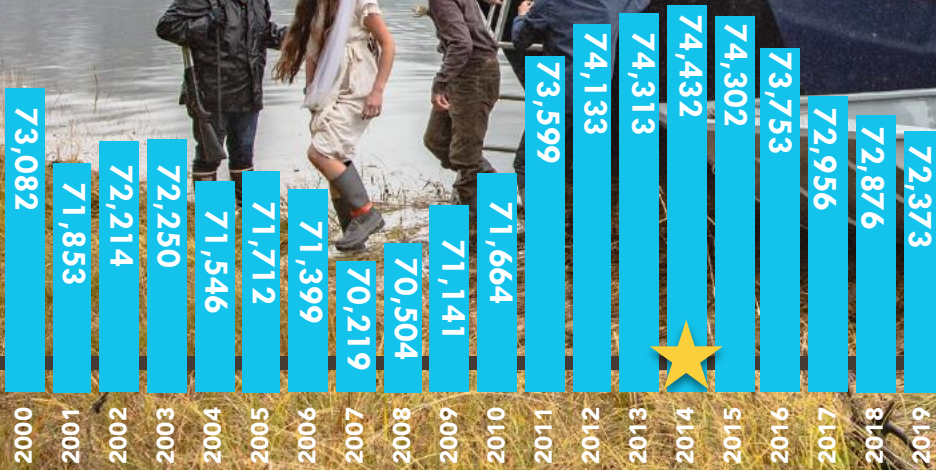
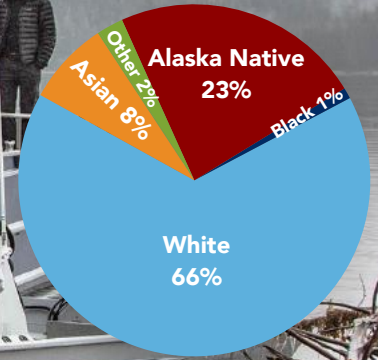
A lack of privately-owned land and land available for development is unique to Southeast Alaska and impacts the ability of the region to nurture the private sector. (See infographic on the left.) Southeast Alaska's land ownership is dominated by the federal government, which manages 94 percent of the land base. Most of this (78%, or 16.75 million acres) is the Tongass National Forest. The remaining federal lands are mostly in Glacier Bay National Park. The State manages 2.5 percent of the total land base (511,500 acres), including the Alaska Mental Health Trust Authority and University of Alaska lands. Boroughs and communities own 53,000 acres—a quarter of one percent of the regional land base. Alaska Native organizations, including village, urban, and regional corporations and the Annette Island Reservation, own 3.4 percent (728,100 acres). Other private land holdings account for 0.05 percent of the regional land base.



Sources: State of Alaska; US Forest Service; Sealaska. Economies in transition: An assessment of trends relevant to management of the Tongass National Forest, USDA 1998. Background image carving by Mike Dangeli.



# DEMOGRAPHICS Population 72,737



## POPULATION CHANGE 2018 TO 2019

Community	2018	2019	Change
Juneau Borough	32,177	31,986	-191
Ketchikan Borough	13,798	13,739	-59
Sitka Borough	8,607	8,532	-75
Petersburg Borough	3,190	3,226	36
Haines Borough	2,472	2,516	44
Wrangell Borough	2,418	2,400	-18
Metlakatla	1,393	1,359	-34
Skagway Borough	1,085	1,095	10
Craig	1,091	1,074	-17
Hoonah	786	782	-4
Klawock	774	761	-13
Kake	599	570	-29
Thorne Bay	522	562	40
Yakutat Borough	521	540	19
Gustavus	552	537	-15
Angoon	409	404	-5
Hydaburg	397	397	0
Coffman Cove	167	174	7
Tenakee Springs	144	140	-4
Naukati Bay	123	137	14
Hollis	123	132	9
Klukwan	94	95	1
Kasaan	81	85	4
Hyder	80	78	-2
Pelican	67	69	2
Port Alexander	55	57	2
Whale Pass	57	57	0
Edna Bay	43	47	4
Port Protection	31	29	-2
Game Creek	18	17	-1
Point Baker	13	12	-1
Elfin Cove	12	11	-1
Remainder	758	753	-5
<b>Total</b>	<b>72,657</b>	<b>72,373</b>	<b>-284</b>

**2019** 2019 marked the 5th consecutive year of population decline in Southeast Alaska. The region lost an additional 284 people, for a five-year decline of 2,060 residents, a population loss of three percent.

Half of the communities in the region lost population in 2019. Juneau bore the brunt of the overall losses — a result of recent dramatic state employment reductions, with cuts especially focused in the capital city. Juneau has lost 1,150 residents since 2015, including nearly 200 in 2019.

Among boroughs, Yakutat experienced the largest percentage decline during the past five years, losing 13% of its residents.

The most significant story of growth over the past five years was in Hollis, which grew by 42% due to the operations of the Dawson Mine located in that community.

### THE MEDIAN AGE IS NOW 40

Southeast has the state's oldest residents. Since 2010, the most pronounced demographic shift has been aging of the population. During that period, the 60-plus population grew by 5,300 people, a 45% increase over 2010 due to aging in place. A quarter of people in the region are now age 60 or older. In Haines, the Hoonah-

Angoon census area, and Wrangell, where median ages are 48.6, 47.7, and 47.5 respectively, it is one-third. The median age of Southeast as a whole is now 40, four and a half years older than the state as a whole.

### SCHOOL ENROLLMENT UP IN 2019

Despite population losses, K-12 enrollment increased regionally for the 3rd time in 23 years in 2019 — albeit by only 10 students. However, the mostly online-only start of the school year is having a negative effect on school populations, as many parents are choosing homeschooling programs. While some of these continue to direct funds to local school districts, many do not. Early data indicates that enrollment could be down by as much as 10% across the region. A loss of funding allocation could significantly impact the financial position of regional schools, unless the legislature institutes a solution.

**2020** The elements that created population losses in recent years, most notably the reduction of state jobs and services, have been exacerbated by the 2020 COVID economy. Pandemic conditions have radically reduced the total number of regional jobs, especially in the visitor sector, which will inevitably lead to further population decline.

Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age, Sex and Borough/Census Area, 2018, 2019; Alaska Population Projections. Photography credit: Heather Holt



## Increasing Regional Jobs

Jobs were generally up across the region in 2019, growing by 445 jobs overall, for a gain of 1%. The Alaska Department of Labor and Workforce Development, Research and Analysis Section tracks wage and labor employment by community. According to these figures, just four communities in the region (Ketchikan, Wrangell, Metlakatla, and Gustavus) lost jobs in 2019, while all the rest experienced gains. Metlakatla lost 11% of its workforce in 2019 over the previous year. Jobs in Klukwan increased by 24%.

This analysis excludes self-employment data, which is not made available below the borough/census area level. Still, tracking change in labor figures is a great way to track overall workforce changes in a community.

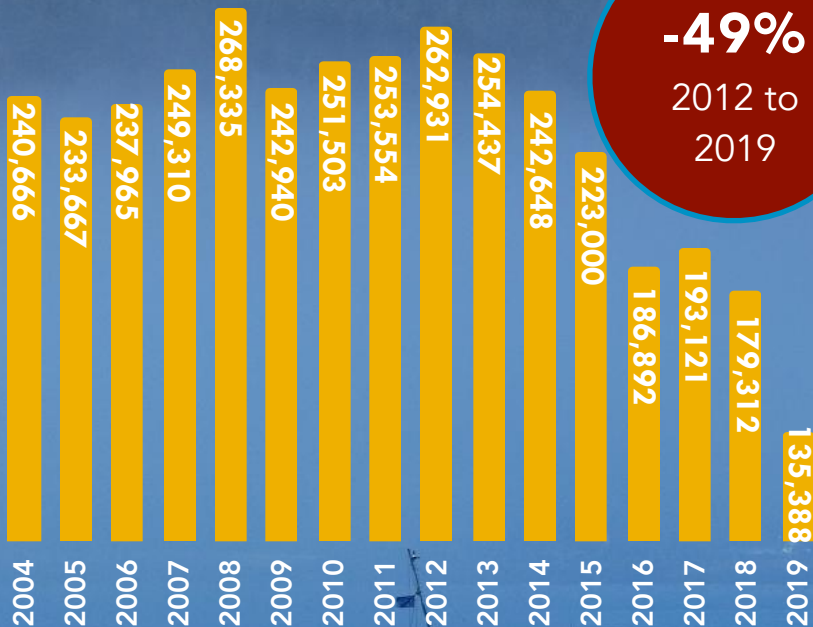
As demonstrated on page 4, while 2020 is only partway through, job data between April and July, since the impacts of COVID began to significantly impact the economy, total jobs numbers fell by 17%.

## ANNUAL EMPLOYMENT CHANGE BY SE COMMUNITY 2018 TO 2019 (Self-employment excluded)

Community	2018 Annual Average Employment	2019 Annual Average Employment	2019 Wages in millions	Employment Change 2018-2019
Juneau Borough	17,732	17,952	\$947.7	1.2%
Ketchikan Borough	7,427	7,404	\$359.8	-0.3%
Sitka Borough	4,242	4,312	\$208.6	1.7%
Prince of Wales	1,427	1,497	\$63.9	4.9%
Petersburg Borough	1,246	1,282	\$55.0	2.9%
Skagway Borough	1,078	1,083	\$46.5	0.5%
Haines Borough	1,006	1,029	\$41.7	2.3%
Wrangell Borough	850	824	\$35.2	-3.1%
Metlakatla	568	505	\$23.5	-11.1%
Hoonah SSA	385	431	\$16.0	11.9%
Yakutat Borough	272	280	\$13.2	2.9%
Gustavus SSA	223	204	\$9.1	-8.5%
Take	161	170	\$5.4	5.6%
Angoon SSA	148	154	\$4.1	4.1%
Hyder	52	52	\$2.9	0.0%
Klukwan	41	51	\$0.9	24.4%

**Source:** Alaska Department of Labor and Workforce Development, Research and Analysis Section. **Notes:** The Hoonah sub-subarea (SSA) includes Pelican and Elfin Cove. The Angoon SSA includes Tenakee Springs. Prince of Wales includes the Hollis SSA, Thorne Bay SSA and Hyدابurg. An SSA is the smallest unit for which the Quarterly Census of Employment and Wages is analyzed. Photo: John Hyde.

## AMHS Ridership in Southeast



## Declining Ferry Service

One of the great tragedies of the COVID-19 pandemic for the regional economy, is that it came on top of the State fiscal crisis, throughout which Southeast Alaska received a disproportionate level of jobs and service cuts. Transportation connectivity, which has long been identified as the most vulnerable element of the regional economy, had already been significantly reduced pre-pandemic. The Alaska Marine Highway System (AMHS) ferried 262,931 individuals in the region in 2012. By 2019, that figure had dropped by 49%. Deferred and reduced maintenance led to ships being removed from service. In February 2020, the system shut down all but one ferry, leaving some communities without access to groceries. COVID-19 travel challenges came on top of these already existing limitations, further reducing the number of sailings and travelers. As of September 2020 the AMHS operating budget is facing a shortfall of almost \$45 million, and the winter schedule includes further service reductions.

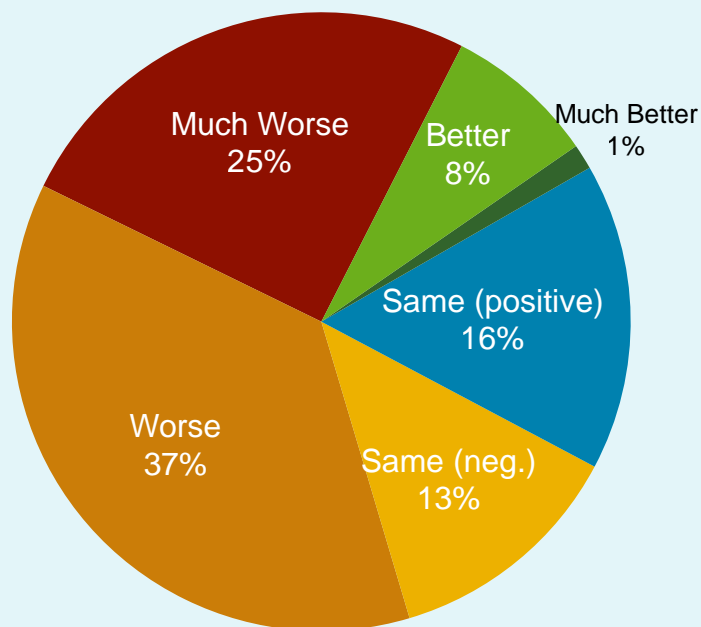
A strong ferry system is essential to regional economic development, quality of life, and community well-being in Southeast Alaska. The AMHS provides access to health care, shuttles workers to their jobs, carries visitors, connects markets and customers, and allows fishermen to move seafood to markets. It moves freight, building materials, and machinery to support local development. It supports social and cultural connections, and is relied upon for food security.

Source: AMHS

# SOUTHEAST ECONOMIC OUTLOOK SURVEY

“What is the economic outlook for your business or industry over the next year (compared to the previous year)?”

**25% Positive / 75% Negative**



## CURRENT REGIONAL BUSINESS CLIMATE SURVEY

In June of 2020, 460 Southeast Alaska business owners and top managers responded to Southeast Conference’s Business Climate and COVID-19 Impacts Survey.

## SOUTHEAST ALASKA ECONOMIC OUTLOOK

**2020** Southeast Alaska business leaders overall economic outlook tends not to change much on an annual basis; however, 2020 is clearly an exception. Three-quarters of businesses say the economic outlook for their business or industry over the next year is negative. The mining sector’s economic outlook appears to be the least impacted of all sectors by the pandemic. The arts, tourism, food/beverage, and retail sectors have the most negative outlooks looking forward. The community with the most negative outlook is Wrangell, with 79% forecasting a worse or much worse economic outlook over the next year — the City and Borough of Wrangell subsequently declared an economic disaster. Respondents were also asked how they feel about the current business climate. Unsurprisingly, confidence in the Southeast business climate has crumbled in the wake of COVID-19. Nine out of ten respondents call the current regional business climate “poor” (38%) or “very poor” (51%).

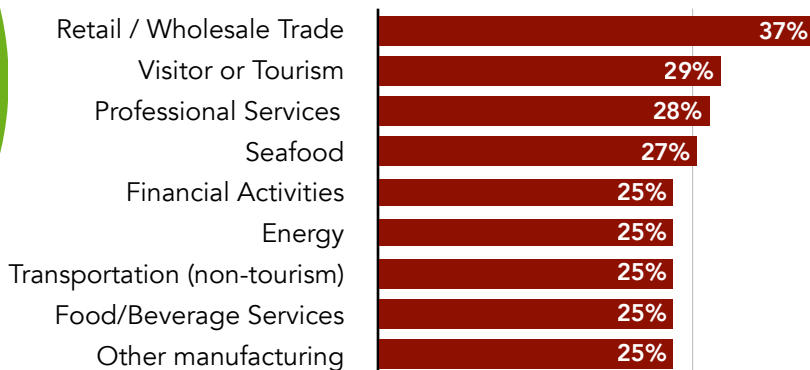
By June, respondents had already laid off **18.6%** of existing staff due to COVID-19  
**23%** of businesses say that they are at risk closing permanently in the next year

## Jobs Outlook July 2020 to July 2021

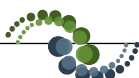
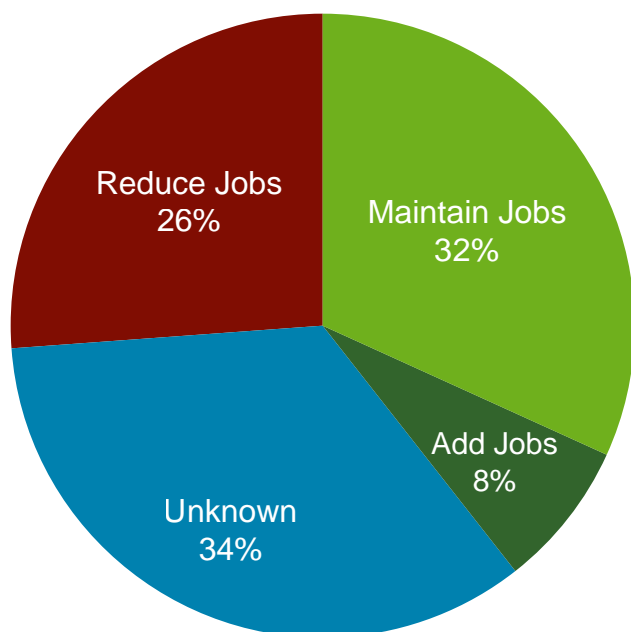
### CONTINUED JOB CUTS OVER THE NEXT YEAR

Each year, private business owners and managers are asked about hiring expectations over the next year. More than a quarter of the 460 business leaders surveyed expect to make additional jobs to their businesses over the next 12 months, in addition to the cuts already made, while 34% do not yet know, and 32% expect to maintain total jobs. The largest losses are expected in retail/wholesale trade, where 37% of respondents expect to decrease their total staff in the upcoming year. The health care and mining sectors are the most likely to **add** jobs over the coming year. Analyzed by community, Wrangell employers expect the most significant job cuts, followed by Ketchikan and Skagway.

■ % of employers that expect to make job cuts in coming year



Over the next 12 months, do you expect to add jobs, maintain jobs, reduce jobs?

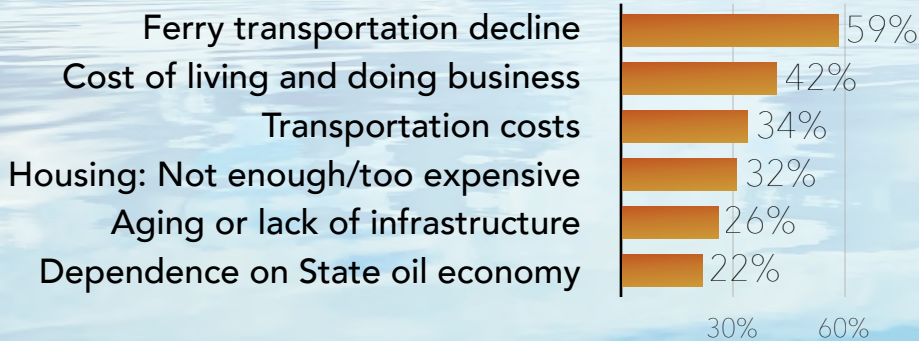


# Southwest Alaska's Strengths Weaknesses Opportunities Threats

## STRENGTHS



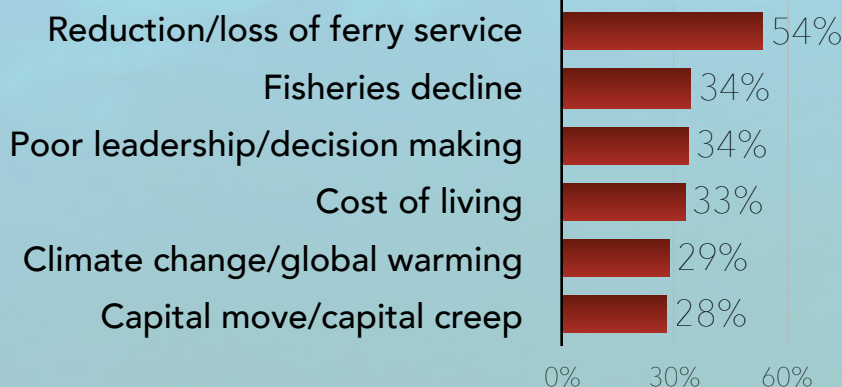
## WEAKNESSES



## OPPORTUNITIES



## THREATS



## 2025 ECONOMIC PLAN DEVELOPMENT

Southeast Conference is in the process of developing the 2025 Southeast Alaska Economic Plan. As part of this process a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for the region was developed by more than 200 Southeast Conference members in early 2020, including business, municipal, and tribal leaders from across the region in February 2020. During a series of meetings, each Southeast sector committee developed their own SWOT analysis.

### Seafood

- Top Strength: **High quality product**
- Top Weakness: **Changing ocean conditions**
- Top Opportunity: **Increase value added processing**

### Health Care

- Top Strength: **Personalized care delivery**
- Top Weakness: **State budget cuts reduce workforce development options**
- Top Opportunity: **Development of health care courses at the university**

### Visitor Industry

- Top Strength: **Natural beauty of region**
- Top Weakness: **Community communications**
- Top Opportunity: **Collaborate with Alaska Native entities on cultural tourism**

### Mining

- Top Strength: **Provides high paying jobs**
- Top Weakness: **Extreme opposition by environmental groups**
- Top Opportunity: **Explore and develop new mineral deposits and expand existing mines**

### Timber

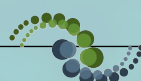
- Top Strength: **High quality wood**
- Top Weakness: **Frequency of litigation**
- Top Opportunity: **Increased state and private lands**

### Transportation

- Top Strength: **Strong reliable airline services**
- Top Weakness: **AMHS service reductions**
- Top Opportunity: **Improve ferry service**

### Energy

- Top Strength: **Abundant hydropower**
- Top Weakness: **High costs of infrastructure**
- Top Opportunity: **Expand regional intertie**







# SOUTHEAST CONFERENCE

## Southeast Conference Board

**Alec Mesdag – President**  
Director of Energy Services for AEL&P

**Markos Scheer – Vice President**  
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Account Manager, Alaska Marine Lines

**Jan Hill – Director**  
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**Lacey Simpson – Director**  
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# SOUTHEAST ALASKA

## AND THE FERRY ROUTE

- Yakutat
- Klukwan
- Haines
- Skagway
- Elfin Cove
- Gustavus
- Pelican
- Hoonah
- Juneau
- Tenakee
- Sitka
- Angoon
- Port Alexander
- Kake
- Point Baker
- Kupreanof
- Petersburg
- Port Protection
- Edna Bay
- Wrangell
- Naukati
- Coffman Cove
- Klawock
- Thorne Bay
- Craig
- Kasaan
- Hydaburg
- Hollis
- Hyder
- Ketchikan
- Metlakatla

Publication by  
Rain Coast Data

**Date:** February 10, 2021  
**To:** Trey Acteson, CEO  
**From:** Ed Schofield, Power System Specialist  
**Subject:** Report for February 26, 2021 SEAPA Board Meeting

### **Swan Lake Operations**

Swan Lake crews have put forth a monumental effort throughout the last calendar year reorganizing the entire Swan Lake facility. Every building, storage shed, cabinet, toolbox, shelf, and the entire grounds have been cleaned up and reorganized. The reorganizing efforts occurred without falter in the regularly scheduled preventative maintenance tasks despite a couple of large special improvement projects requiring substantial in-house labor. New shelving units were installed, and mezzanine access stairs constructed to better utilize existing storage area.



Shop Mezzanine Stairs Replaces Originally Installed Man Ladder

### **Bailey Substation Security Fence Repairs**

The Bailey Substation is the termination point for the Swan Lake transmission line. A FY2020 R&R project to recondition the substation's perimeter security fencing was completed in November 2020. The project consisted of straightening posts and re-stretching the chain link web fence and painting. Repairs were made to all gates to assure that the gates close properly and securely. A perimeter border was also installed to retain substation rock.



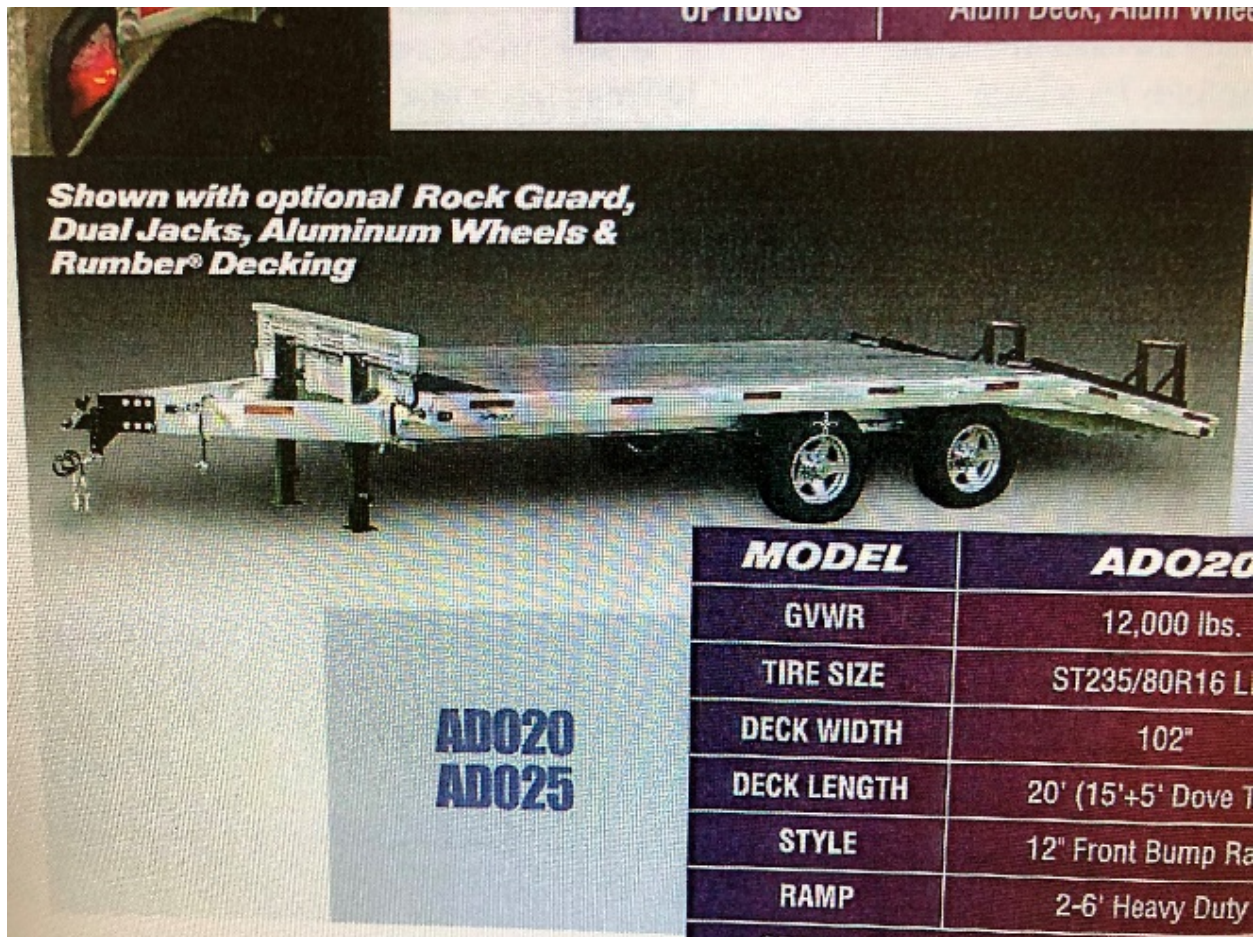
Bailey Substation after Renovations to Security Fencing

### **Swan Lake Spillway Recovery Davit**

The Swan Lake Spillway Recovery Davit R&R project is underway. Engineering design is complete, and a shop drawing has been developed and issued for fabrication. The estimated time for completion is June 2021. The davit will be installed on the middle dam pier by the Swan Lake staff. The davit will provide the means to extract an injured person from the Swan Lake dam's spillway.

### **Equipment Trailer**

The 2021 Equipment Trailer R&R Project is in progress. The trailer has been ordered and is estimated to arrive sometime in April 2021. This trailer will be used to transport freight from Ketchikan's marine barge terminals to the Swan Lake landing craft for deliveries to Swan Lake.



Eagle Equipment Trailer Purchased

**Swan Lake Four Plex, Unit 104 Kitchen Addition**

A Swan Lake Four-Plex Housing Unit was constructed in 2020. The four-plex is made up of four 600 sq. ft. efficiency apartments. One of the four apartments (Unit 104) needed kitchen cabinets and countertops after it was determined it would no longer be considered as an employee training center and management office. The kitchen cabinets and counters are on order and scheduled for installation this Spring.



Unit 104 Unfinished Kitchen



Unit 103 Finished Kitchen  
(shown as an example of what Unit 104 will look like when completed)

### **Swan Lake Stationary Winch**

The Swan Lake Stationary winch is a custom-designed piece of equipment that will be used to remove floating debris from the Swan Lake reservoir at a centrally located site two miles east of the Swan Lake dam. Due to the 2016 installation of spillway control gates which raised the reservoir by 15 feet, there has been a large increase in floating debris to be removed. The stationary winch will decrease the required time of debris towing and handling. This 2021 R&R project is currently underway and should be completed this Spring.

### **Swan Lake Marine Dock Inspection and Repairs**

The Swan Lake marine dock inspection is scheduled to occur the week of February 15, 2021. This project includes a dive inspection of the marine dock system and piling. This is a preventative maintenance exercise performed on a five-year rotation. Tasks to be performed include dock cleaning of marine growth, inspection of dock hardware, fasteners and main frame, steel piling, piling zinc, and placement of additional dock floatation.

### **SEAPA Headquarters, Don Finney Lane, Ketchikan**

This 2021 R&R project to construct a new SEAPA Headquarters is underway. Welsh Whiteley Architects, LLC is the lead architectural firm. Design work started on February 8, 2021.

### **Swan Lake Safety Training**

During the month of December 2020, safety training at Swan Lake included:

- Lifting
- Scaffolding
- Fall Protection (specific to scaffolding)

Discussion on safety training topics for 2021 included switchyard, aircraft, and boating safety.

SEAPA's Health and Safety Plan (HASP) was covered extensively during Swan Lake's safety training in January 2021. The crew discussed various areas they would like to improve upon and items that could be reviewed in their workplace which included:

- hard hat dates (5 years from date placed in service)
- extension cords
- on-site contractors and orientation of evacuation signals and plans
- muster sites, head counts and emergency communication
- medical transport
- accident reports
- creation of a safety committee
- Flame Resistant (FR) clothing
- Status of Hazard Energy Control Plan
- Areas of training to add in 2021: Bloodborne Pathogens, CPR/FA, Forklift, Switchyard, Excavation/Trenching, and Respiratory Protection

**Date:** February 16, 2020  
**To:** Trey Acteson, CEO  
**From:** Robert Siedman, P.E., Director of Engineering & Technical Services  
**Subject:** Report for February 26, 2021 Board Meeting

**Swan-Bailey Transformer Refurbishment**



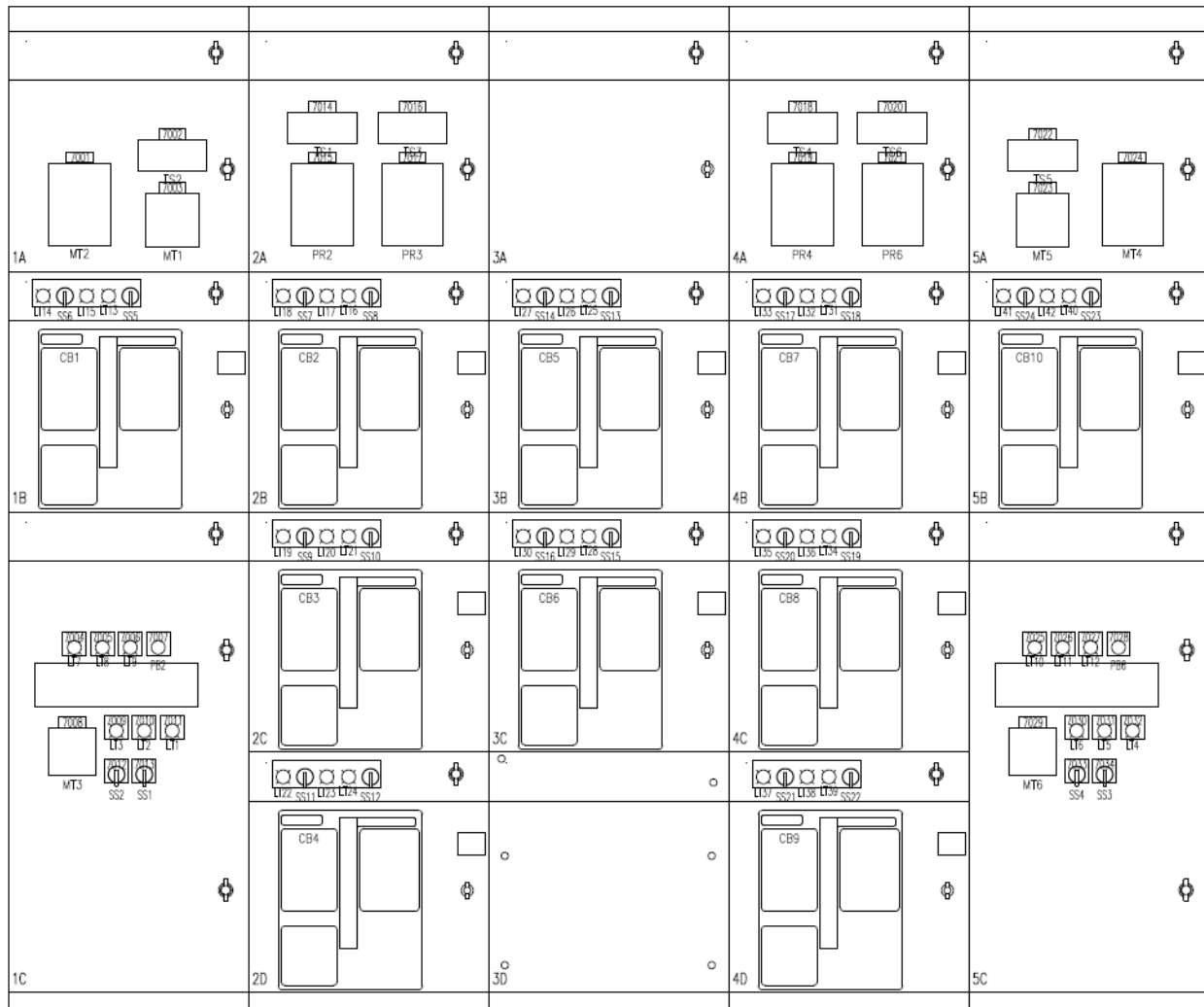
expectancies. In 2020 however, Power Factor testing results indicated that the high voltage bushings on the transformers were beginning to demonstrate an increased breakdown of insulation in the bushing(s) core. In addition, seals on the Bailey T3 transformer are beginning to leak, indicating dry, aged, and cracked ring seals.

RR21359 was approved by the Board of Directors in December of 2020 to refurbish the Swan Lake and Bailey transformer, extending life, and improving reliability. This project has been solicited and SEAPA is currently in the process of reviewing bid documents.



The Swan Lake and Bailey Substation transformers are critical to SEAPA Operations, Swan Lake power output(s), and reliable delivery of service to Ketchikan. The transformers were installed in 1984 and have been in service for over 35 years. Annual maintenance and 5-year testing performed by SEAPA have maintained reliability and life

**Swan Lake Station Service Switchgear**



Electric Power Constructors, Inc. (EPC) has submitted 27 Transmittals for SEAPA's approval to date. Approvals have been granted for manufacturing of panelboards, automatic transfer switches, conduit, cable, and most accessories. Testing plans, commissioning plans and miscellaneous other plans required for installation have also been submitted and approved as of February 2021. The 480V major switchgear (above) is currently under review for approval. The contract is currently on schedule with an anticipated installation timeframe to occur in late June 2021.





## RTAC KTN-KPU SCADA Points



KPU Electric currently receives SCADA information from SEAPA through an outdated device located at Swan Lake known as an Orion. In 2019, SEAPA performed a Cyber Security Audit and identified this device to be higher risk to the organization for cyber-attacks. Since the audit, SEAPA has increased security measures and reduced risk with additional firewalls, password protection and VLANs, however, the device is at the end of its useful life and due for replacement.

In the summer of 2019, SEAPA and KPU entered into an agreement to transition Operations & Maintenance at Swan Lake from KPU to SEAPA. As part of the transition agreement, SCADA points

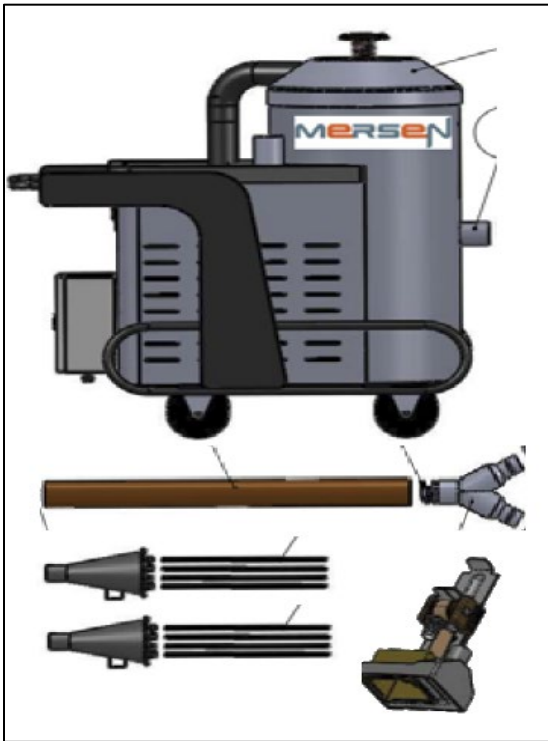
were identified that would be exchanged between SEAPA and the Municipality.

The scope of work for this project included removal of the Orion, addition of an RTAC at the SEAPA HQ, and Engineering to transfer SCADA data in a more secure and efficient manner. The project is currently 80% complete. Connections to Petersburg, Wrangell and Tye have been established and all SCADA points included in the O&M transition agreement are available to be delivered to KPU from the SEAPA HQ RTAC.

SEAPA is currently resolving details with KPU in regards to the path forward and how they intend on removing the Orion circuit and transitioning to the RTAC HQ circuit.

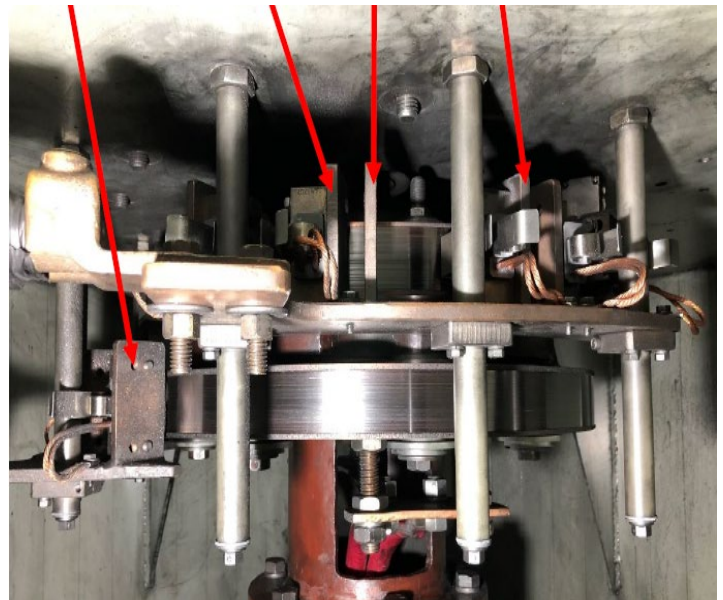
<b>PSB RTAC</b> CONNECTED COMMUNICATIONS STATUS 1,086 HEARTBEAT 0.201 SECONDS SINCE HEARTBEAT 0.800 PREV SECONDS SINCE HEARTBEAT	<b>WSB RTAC</b> CONNECTED COMMUNICATIONS STATUS 4,880 HEARTBEAT 0.201 SECONDS SINCE HEARTBEAT 0.600 PREV SECONDS SINCE HEARTBEAT
<b>SWL SCADA RTAC</b> OFFLINE COMMUNICATIONS STATUS 0 HEARTBEAT 0.000 SECONDS SINCE HEARTBEAT 0.000 PREV SECONDS SINCE HEARTBEAT	<b>WSY RTAC</b> CONNECTED COMMUNICATIONS STATUS 5,821 HEARTBEAT 0.601 SECONDS SINCE HEARTBEAT 0.601 PREV SECONDS SINCE HEARTBEAT
<b>TYL SCADA RTAC</b> CONNECTED COMMUNICATIONS STATUS 3,801 HEARTBEAT 1.000 SECONDS SINCE HEARTBEAT 5.100 PREV SECONDS SINCE HEARTBEAT	<b>KPU DEVICE</b> OFFLINE DNP SERVER STATUS OFFLINE DNP CLIENT STATUS

**Exciter Carbon Dust Collectors**



Installation (3 days) was scheduled to occur on November 17, 2020 however due to a spike in Covid-19 cases and increased heating loads in November, installation was postponed.

Installation requires sequential single unit outages to perform the work, estimated at 4 to 6hrs per unit. Considering the status of current Municipality loads, single unit outages are not realistic until Spring 2021. SEAPA will continue to monitor total loads and Covid-19 restrictions and schedule this project when appropriate measures are met.



The Tye and Swan Lake exciter carbon dust collectors have been procured and delivered to each respective site.

The design for each plant is complete and preliminary work to include installation of conduit and receptacles for power to the dust collector system(s) is also complete.

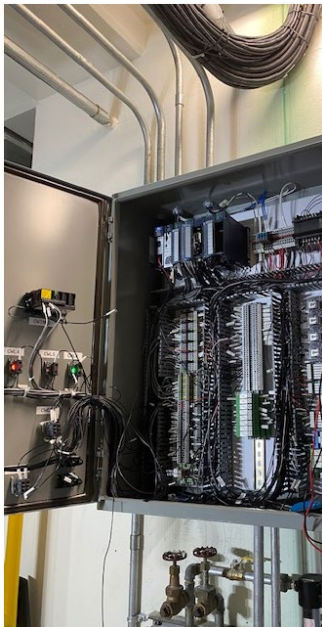
End of Report

**Date:** February 11, 2021  
**To:** Trey Acteson, Chief Executive Officer  
**From:** Clay Hammer, Operations Manager  
**Re:** Report for February 2021 Board Meeting

**MAJOR CONTRACTS and PROJECTS**

**Tyee Cooling Water Pump Project**

The Tyee Cooling Water Pump and Control Panel upgrade is complete. Plant mechanics did the work installing the new pumps by the end of December and the plant's in-house electricians performed the needed upgrades to the existing control panels. This important upgrade enabled SEAPA to replace obsolete pumps that had been in service since 1983 with a new version that is fully supported by industry. Also included in the project is an upgrade to the control system that will provide optimization of all three pumps allowing them to be operated in the most efficient manner possible. This will extend the service life of the pumps and simultaneously improve the cooling efficiency of the generators.



## **Vegetation Management Plan**

SEAPA's long-term brushing program with corresponding spread sheet documentation is in its final editing stage. The most recent edit was reviewed by SEAPA staff and the CEO with some suggestions for the final version. Currently all entries into the spread sheets are being reviewed for accuracy with additional details being added where required. This information must be cross-checked against blueprints for the lines as well as the available video footage taken of the line two seasons ago. Based on this data, staff is developing an annual cut schedule covering the next five years with a predictive schedule to address the next five-and-10-year increments after that. Altogether there are 954 spans over 178 miles encompassing over 2,100 acres of right-of-way that must be accurately accounted for which will require considerable staff time.

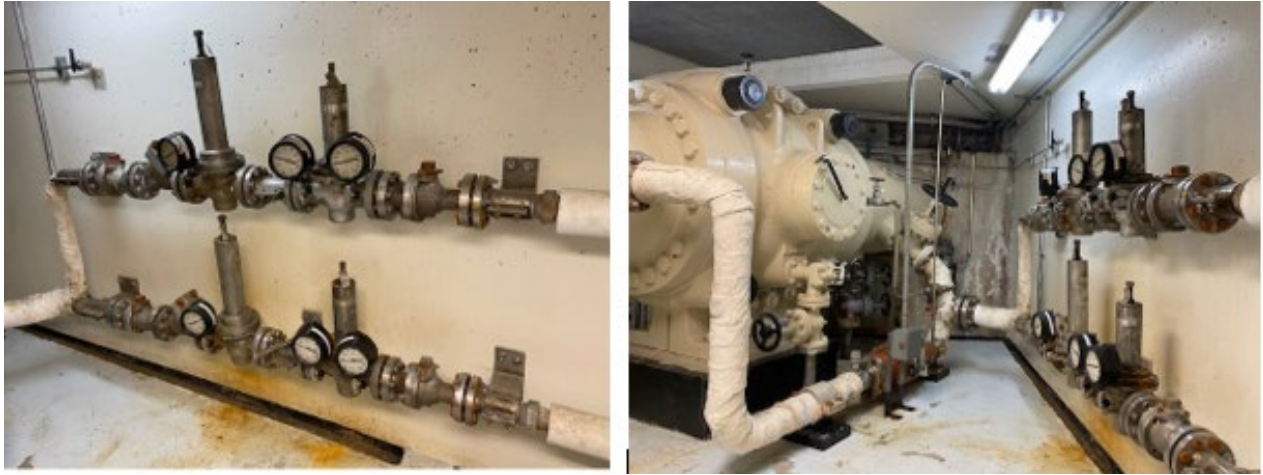
In January, two Requests for Proposals issued for brushing contracts. One for Vank Island between Wrangell and Petersburg and the other for Revillagigedo Island between Swan lake and Ketchikan. Three bids were received for the Vank Island work however their prices exceeded the FY2021 amount budgeted. Staff is in the process of narrowing the scope of work and a revised RFP will issue prior to the end of this month. For the Revillagigedo island work there were a total of three conforming bids. Staff has made a recommendation of award for this contract under new business in the meeting Agenda.



Vank and Revillagigedo Island 2021 Contract Areas

## **Tyee Plant PRV Valves**

Funds were approved in the last budget cycle to replace the Pressure Reducing Valves at the Tyee plant. These valves take the 600+ psi lake water coming from the penstock and reduce it in stages down to a more manageable 90 psi for use in the cooling water loops and potable water supply for the camp. The existing PRVs are original to the plant and parts are no longer available. An order was placed with Core and Main of Seattle for the replacements which are currently being manufactured. A shipping date of March 30, 2021 is anticipated. Once the replacements are received, installation will be scheduled.



Existing PRV manifolds, Tye Lake Plant

### **Cleveland Peninsula Helipad Project**

Several helicopter pads along the Tye transmission line's Cleveland Peninsula route show signs of aging and structural failure. These are the original wooden design helipads produced in 1983 when the line was constructed. The high elevation of these pads arguably hosts the most trying conditions of any other installations along the entire SEAPA-owned transmission system with extreme snow loading, weather fluctuations, and even occasional bear damage (see lower left photo below). Of the 43 pads in service there, 10 have failed and another 13 are in imminent danger of failure. There is also one critical tower that does not have a pad so access to that structure for maintenance is almost impossible.

Staff is currently negotiating with a Ketchikan-based engineering firm for both the engineering and project management aspects of this project. Once negotiations are complete, staff will approach the project in two phases: (I) Replace 11 of the pads in 2021 using inventory left over from a previous project, and (II) order additional pads and complete the remainder in 2022.





Cleveland Helipads

### **Tyee Lake Trail Rediscovered**

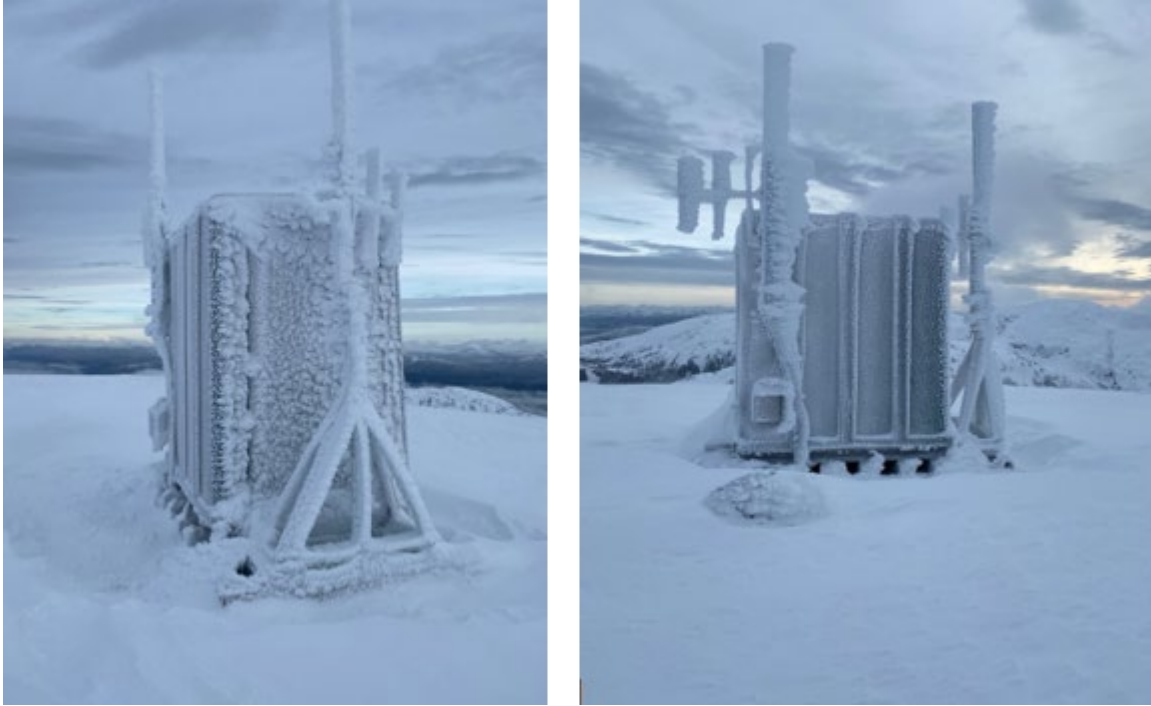
When the Tyee Lake project was initially commissioned, an emergency access trail was pioneered from the camp up to the Tyee Lake Gatehouse to provide a way to either the gate house or back to the camp if circumstances prevented helicopter access. An emergency shelter was eventually built at the gatehouse and the trail no longer maintained. With recent maintenance activity going on at the gatehouse there was renewed interest in the trail and several unsuccessful off-time attempts were made to relocate the trail heads; however, this winter season one of the crew was exploring the hillside behind the crew quarters on his day off and happened upon the old trail. Conditions were just right given the light amount of snowfall this year and lack of summertime underbrush which helped the trail stand out against the surrounding terrain. The trailhead behind the camp has now been located and reflagged to an elevation of 750'. Eventually it can be flagged the remaining distance to the gatehouse. While this is not a high priority project and may not happen any time soon it is important to note that almost 40 years after the project was built this trail remains as the only known means of reaching the Gatehouse by foot.



Tyee Lake Trail, old poly rope originally used for trail marking and assistance. The view is out towards the Bradfield River above camp.

## Communications Challenges

One of the major challenges to maintaining a remote site is problems associated with keeping communications online between the work sites and the outside world. This season the bitter cold at higher elevations has led to occasional breaks in both our microwave coverage as well as marine terminal and voice repeater comms. The pictures below illustrate current conditions at Etolin Island's Burnett Peak Repeater Site where these functions are housed.



Burnett Peak Marine Terminal and Voice Communications Repeater Shack

Currently the Marine Terminal communications are all online and staff is waiting for a favorable weather window to conduct a site visit to repair the VHF voice communication link at this location. The picture below depicts recent conditions at the AP&T Microwave repeater at the same location and does a fine job of explaining just how severe conditions can be there.

As SEAPA's own satellite-based communication systems improve, our reliance on remote mountain top microwave installations such as this for internet and SCADA functions will become less. We will however still need to maintain the smaller comm shack for the marine terminal and voice comm repeater functions. SEAPA does share rack space inside the shelter with the Wrangell Fire Department who also maintains a voice comm repeater onsite. This adds a layer of redundancy for emergency communications with the Tyee plant in the event that the normal Tyee repeater is offline.





AP&T Alaska's Burnett Peak Microwave installation.

### **Brent Mill Retires**

January 20<sup>th</sup> marked Wrangell resident, Brent Mill's, last day at the Tye Lake Plant after 16 years of service as an Operator/Mechanic. He started his career at the Wrangell sawmill in the 70's, eventually went to work for a short time at the VIGOR shipyard in Ketchikan when the mill closed, and then started work at Tye in 2005. Brent's passion has always been spending time with his family and building Hot Rods, which he intends to continue doing along with some traveling. His many years of service are much appreciated, and he will be missed.

[Remainder of page intentionally left blank.]



Brent Mill (center) preparing for his last flight out of Tye lake with co-worker Randy Rasler (left) & Sunrise Aviation owner and pilot, Mike Lane (right)

### **Tye Lake Report**

The Tye Lake Crew continues to stay busy with the regularly scheduled PMs and plant work. In addition to the normal duties the crew also accomplished the following:

- Finished replacement of new cooling water pumps
- Updated cooling water control systems
- Pulled new fiber connections to cabins and crew quarters
- Installed new SAT based phone systems in powerhouse and housing

Last quarter's scheduled Safety Training included:

- Safe Lifting and scaffolding training
- Health and Safety Plan Review
- Workplace Harassment Training

End of Report



## SEAPA 2021 BOARD MEETING DATES

Date(s)	Weekday(s)	Meeting Venue <sup>1</sup>	Comments
<b>May</b> 13-14	Thursday-Friday	TBD pending Board consensus	In-person meeting venue: Wrangell on May 13 (1-5 pm) and May-14 (9-12 noon). If remote, meeting held virtually via Zoom from 9-5 pm on May 13 only.
<b>September</b> 9-10	Thursday-Friday	TBD pending Board consensus	In person meeting venue: Petersburg on September 9 (1-5 pm) and September 10 (9-12 noon). If remote, meeting held virtually via Zoom on September 9 only.
<b>December</b> 10	Friday	TBD pending Board consensus	Meeting venue is Ketchikan whether in-person or remote.

### 2021



- |                        |                         |                                 |
|------------------------|-------------------------|---------------------------------|
| Jan 01 New Year's Day  | Jan 18 M.L. King Day    | Feb 14 Valentine's Day          |
| Feb 15 Presidents' Day | Apr 02 Good Friday      | Apr 04 Easter Sunday            |
| May 09 Mother's Day    | May 31 Memorial Day     | Jun 04 National Donut Day       |
| Jun 20 Father's Day    | Jul 04 Independence Day | Jul 05 Independence Day Holiday |
| Sep 06 Labor Day       | Oct 11 Columbus Day     | Oct 31 Halloween                |
| Nov 11 Veterans Day    | Nov 25 Thanksgiving Day | Dec 25 Christmas                |
- © www.calendarlabs.com

(See attached for additional information on 2021 meeting dates and events)

<sup>1</sup> Meetings may be held in-person alternating between communities or virtually pending Center for Disease Control social distancing guidelines and Board consensus.

## 2021 MEETING DATES | EVENTS

DATE	ORGANIZATION/EVENT	LOCATION
<b>JANUARY</b>		
<b>1</b>	<b>SEAPA Holiday (New Year's Day)</b>	<b>N/A</b>
4	Petersburg Borough Assembly	Petersburg
7	Ketchikan City Council	Ketchikan
12	City & Borough of Wrangell Assembly	Wrangell
19	Petersburg Borough Assembly	Petersburg
21	Ketchikan City Council	Ketchikan
26-28	APA Manager's Forum, State Legis. Conf & Board of Directors Mtgs	Virtual
<b>FEBRUARY</b>		
1	Petersburg Borough Assembly	Petersburg
4	Ketchikan City Council	Ketchikan
9	City & Borough of Wrangell Assembly	Wrangell
9-10	SE Conference Mid-Session Summit	Virtual
<b>15</b>	<b>SEAPA Holiday (President's Day)</b>	<b>N/A</b>
16	Petersburg Borough Assembly	Petersburg
17-18	NWHA Camp & Annual Conference (& FERC Meeting?-TBD)	Virtual
18	Ketchikan City Council	Ketchikan
23	City & Borough of Wrangell Assembly	Wrangell
<b>26 (Friday)</b>	<b>SEAPA BOARD MEETING</b>	<b>VIRTUAL</b>
<b>MARCH</b>		
1	Petersburg Borough Assembly	Petersburg
4	Ketchikan City Council	Ketchikan
9	City & Borough of Wrangell Assembly	Wrangell
15	Petersburg Borough Assembly	Petersburg
18	Ketchikan City Council	Ketchikan
23	City & Borough of Wrangell	Wrangell
<b>APRIL</b>		
1	Ketchikan City Council	Ketchikan
5	Petersburg Borough Assembly	Petersburg
8-9	NWHA Strategic Planning Meeting	TBD
13	City & Borough of Wrangell Assembly	Wrangell
TBD	SEAPA Audit	SEAPA Office
15	Ketchikan City Council	Ketchikan
19	Petersburg Borough Assembly	Petersburg
27	City & Borough of Wrangell Assembly	Wrangell
28--30	NHA Water Power Week	Virtual
<b>MAY</b>		
3	Petersburg Borough Assembly	Petersburg
6	Ketchikan City Council	Ketchikan
11	City & Borough of Wrangell Assembly	Wrangell
<b>13-14 (T-F)</b>	<b>SEAPA BOARD MEETING</b>	<b>TBD</b>
17	Petersburg Borough Assembly	Petersburg
20	Ketchikan City Council	Ketchikan
25	City & Borough of Wrangell Assembly	Wrangell
<b>31</b>	<b>SEAPA Holiday (Memorial Day)</b>	<b>N/A</b>
<b>JUNE</b>		
3	Ketchikan City Council	Ketchikan
6-11	APA Federal Legislative Conference	Washington, DC
7	Petersburg Borough Assembly	Petersburg
8	City & Borough of Wrangell Assembly	Wrangell
17	Ketchikan City Council	Ketchikan
21	Petersburg Borough Assembly	Petersburg
22	City & Borough of Wrangell Assembly	Wrangell
<b>JULY</b>		
1	Ketchikan City Council	Ketchikan
<b>5</b>	<b>SEAPA Holiday (Independence Day)</b>	<b>N/A</b>
6	Petersburg Borough Assembly	Petersburg
13	City & Borough of Wrangell	Wrangell
15	Ketchikan City Council	Ketchikan
19	Petersburg Borough Assembly	Petersburg
19-22	AEGIS POLICY HOLDER'S CONFERENCE	Las Vegas
27	City & Borough of Wrangell Assembly	Wrangell

