

Southeast Alaska Power Agency Meeting Minutes

Location: Held Electronically¹

Date: February 26, 2021

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 February 26, 2021. 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
Bob Sivertsen	E	Doug Ward	E	Swan Lake	Ketchikan
Karl Amylon	E	Jeremy Bynum	E	Swan Lake	Ketchikan
Cliff Skillings	E	Dick Coose	E	Swan Lake	Ketchikan
Stephen Prysunka	E	Mike Ottesen	E	Tyee Lake	Wrangell
Bob Lynn	E	Karl Hagerman	E	Tyee Lake	Petersburg

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.		Sharon Thompson, EA/CA	E
Robert Siedman, Dir. Eng & TS	E	Marcy Hornecker, Admin. Asst.	E

B. Communications/Lay on the Table Items - None

C. Disclosure of Conflicts of Interest - None

2) Approval of the Agenda

➤ Motion	M/S (Sivertsen/Prysunka) to approve the agenda, as amended, to include a call from Deven Mitchell of the Alaska Bond Bank under Agenda Item 8, Financial Reports. The motion was approved unanimously by polled vote.	✓ Action 21-865
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3) Introduction of Board Members


Board members exchanged introductions.

4) Election of Officers

A. Chairperson


¹ 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




 Motion	M/S (Prysunka/Amylon) to nominate Bob Sivertsen as Chairperson. The motion was approved unanimously by polled vote'.	✓ Action 21-866
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Following the motion, the gavel passed from Chairperson Lynn to the newly elected Chair, Bob Sivertsen.

B. Vice Chairperson

 Motion	M/S (Sivertsen/Lynn) to nominate Steve Prysunka as Vice Chairperson. The motion was approved unanimously by polled vote'.	✓ Action 21-867
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C. Secretary-Treasurer


 Motion	M/S (Prysunka/Lynn) to nominate Karl Amylon as Secretary-Treasurer. The motion was approved unanimously by polled vote'.	✓ Action 21-868
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5) Persons to be Heard - None.

6) Introduction to SEAPA

SEAPA Counsel, Joel Paisner, provided a very thorough introduction to SEAPA to orient new board members and responded to questions and comments. Agency staff were directed to post the Powerpoint Slides on SEAPA's website. Following the presentation, SEAPA's CEO, Trey Acteson, introduced SEAPA staff and provided the highlights of his role in the Agency and participation in legislative and regulatory organizations.

7) Review and Approve Minutes

 Motion	M/S (Skillings/Prysunka) to approve the minutes of the regular meeting of December 10, 2020. The motion was approved unanimously by polled vote.	✓ Action 21-869
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8) Financial Reports

Mr. Acteson summarized highlights of his financial cover letter provided in the board packet and announced that Deven Mitchell of the Alaska Bond Bank had joined the meeting. He provided a brief introduction of Mr. Mitchell's role with the Alaska Bond Bank. Mr. Mitchell opened his discussion with a brief history of the Bond Bank and outlined the benefits it offers including its ability to obtain competitive rates, reduce administrative tasks, and provide options for access to capital markets. He described how the Bond Bank works and discussed current rates noting that rates are up but still low on a historical basis, that the yield curve is steep, and noted greater volatility in the current market. Mr. Acteson thanked Mr. Mitchell for his summary and noted that Mr. Mitchell was pivotal in SEAPA's access to the bank. Mr. Mitchell discussed the timing of the next round of bonding and the tax-exempt status of SEAPA's bonds. Mr. Acteson noted that refinancing the Agency's existing bonds was not favorable to the Agency at this time, but the timing of the next round of bonding is beneficial if SEAPA elects to pursue that funding for the Submarine Cable Replacement Project. Mr. Mitchell fielded various questions from the directors and SEAPA counsel.

Mr. Acteson concluded the summary of his financial cover letter and fielded questions from directors.

The meeting recessed at 10:44 a.m. and resumed at 11:00 a.m.

The Chair requested a motion on the financial statements.



➤ Motion	M/S (Lynn/Amylon) 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.	✓ Action 21-870
Following Mr. Acteson's overview of the financial statements and brief additional discussion, the motion was approved unanimously by polled vote.		

9) Old Business

A. Legal Update: Roadless Rule

Mr. Paisner provided a brief history of the Roadless Rule and explained SEAPA's current procedural posture. He fielded various questions and comments on the topic and summarized the complexity of the litigation. He advised that staff is not asking any current direction from the board at this time because the current Tongass exemption has been stayed and SEAPA is an Amicus, commonly known as a 'friend of the court', in support of the position of the U.S. Forest Service. The position SEAPA is in has been a low-cost way to monitor what is going on with the litigation, affords an opportunity to review the pleadings, and serves to independently raise the flag on SEAPA's behalf to use the Tongass for SEAPA's facilities.

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

A roll call was taken, and the Chair asked Doug Ward, a new board member, to introduce himself as he was not available for that opportunity earlier in the meeting. Following the introduction, the Chair directed the meeting to continue with New Business under the Agenda.

10) New Business

A. Consideration and Approval of Contract Award Re Swan-Bailey Transmission Line Brushing Project

➤ Motion	M/S (Prysunka/Amylon) 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. The motion was approved unanimously by polled vote.	✓ Action 21-871
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B. Consideration and Approval of Swan Lake-Bailey Substations Transformer Refurbishment Project

➤ Motion	M/S (Prysunka/Lynn) 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. The motion was approved unanimously by polled vote.	✓ Action 21-872
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C. Consideration and Approval of R&R Capital Budget Adjustments

➤ Motion	M/S (Lynn/Amylon) to increase the FY2021 R&R Capital Budget by \$2,002,290. Following Mr. Acteson's explanation of the reasons for the requested budget adjustments which were necessary for the Agency's RR Station Service Switchgear Project at Swan Lake, the Submarine Cable Replacement Project, Flashboard De-icing at Swan Lake, and Swan Lake and Bailey Transformer Refurbishment, the motion was approved unanimously by polled vote.	✓ Action 21-873
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D. *Operations Plan Quarterly Update*

Mr. Siedman reported that exceptional inflows increased lake levels in January 2021 due to a wet weather system and explained how the Agency's management of the extreme inflows resulted in higher lake levels at Tyee and prevention of spill at Swan Lake. Maximum utilization and optimized output of the water was then realized in February when the additional water stored at Tyee was sent back to Swan Lake (and subsequently Ketchikan). Optimizing output also produced a second result which was meeting the peak energy demands of SEAPA's three member communities at the highest level the Agency had on record. Spill prevention techniques, higher inflows, and efficient operations contributed to the record high water levels at both lakes in February, which also prevented the need to generate diesel. Mr. Siedman presented charts on the guide curves and photos of the snowpack for both Tyee and Swan Lakes. He fielded questions and expressed optimism for a healthy water cycle in 2021.

11) **CEO Report**

Mr. Acteson reported there were no recordable or lost time incidents since his last report and provided a Covid-19 update. He reported on his meetings with the National Hydropower Association, FERC issues, and several bills in the State legislature. He explained the Alaska Department of Natural Resources (ADNR) Reclamation Fund for the benefit of new board members and reported that SEAPA is working with ADNR to continue its annual Reclamation Contingency Fund contribution of \$37,500 as it is the lowest cost option after other funding options that were explored proved to be much more costly for the Agency. Mr. Acteson provided an update on SEAPA's efforts towards a five-year review of its Renewal, Replacement, and Risk Reserve Plan (4R Plan). A component of the plan is securing estimates to replace submarine cables in the event of failure to de-risk SEAPA's exposure. He solicited the board's consideration of purchasing a spare cable long enough to span the longest submarine cable crossing as a potential de-risking strategy. Discussion followed on the risk of a spare cable becoming obsolete and that cable with the latest technology should be considered. The board reached a consensus with the showing of three hands that staff do a feasibility study on this de-risking strategy. Mr. Acteson closed his report with an update on personnel resignation, retirement, recruitment and hiring.

12) **Staff Reports**

A. *Power System Specialist (Schofield)*

Mr. Acteson provided a brief overview of Mr. Schofield's report in his absence covering Swan Lake operations, Bailey Substation Security Fence repairs, the Swan Lake Spillway Recovery Davit Project, status of the purchase of an equipment trailer, an update on the Swan Lake four-plex, stationary winch, marine dock inspection and repairs, and the SEAPA headquarters project. He closed with the safety training that occurred in December 2020 and January 2021.

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

Mr. Siedman reported that bids were in the solicitation process for SEAPA's Swan-Bailey Transformer Refurbishment Project and provided an update on the Swan Lake Station Service Switchgear Project noting the project was on schedule with installation estimated for completion in late June 2021. He reported that after a lengthy negotiation process, a final contract for SEAPA's Submarine Cable Replacement Project was signed by SEAPA and Sumitomo Electric. The negotiations resulted in a savings of \$2,240,765 (excluding contingency) to the Agency from the original bid amount. He presented the final schedule showing the current progress of cable manufacturing and estimates of delivery dates. He was pleased to report that the cable will be manufactured with no joint.

Mr. Siedman continued his report explaining the necessity of removing and replacing an outdated Orion device that presented a security risk and discussed efforts between SEAPA and KPU to exchange SCADA points to transition to an RTAC HQ Circuit. He closed his report advising that although new Tyee and Swan Lake Exciter Carbon Dust Collectors were procured and delivered to the respective sites, that installation will be delayed until Spring 2021 as sequential single unit outages are necessary to perform the work. He fielded director questions and comments.



C. *Operations Manager (Hammer)*

Mr. Hammer briefed the board on the Tye Cooling Water Pump Project, Vegetation Management Plan, Tye Plant PRV Valves, and Cleveland Peninsula Helipad Project. He announced that at one time there was a Tye Lake emergency access trail to the high elevation Gatehouse by foot but after an emergency shelter was built at the Gatehouse, the trail was no longer maintained, and the trailhead was lost. It was recently re-discovered, so staff reflagged it to an elevation of 750'. He advised the remainder of the trail will eventually be reflagged as time allows. He advised there were communication challenges at Tye because of current snow/icing conditions at Burnett Peak, and reported that long-time employee, Brent Mill, was retiring from Tye after 16 years of much appreciated service. Mr. Mills will be missed. He closed his report with a list of items accomplished by the Tye Lake crew and safety training that had taken place during the last quarter.

13) **Next Meeting Dates**


There were no comments on the upcoming meeting dates proposed in the board packet. Mr. Acteson announced that SEAPA may have to call a special board meeting at the end of March or early April for some SEAPA business that was not ready for board consideration at this meeting.

14) **Director Comments**

Directors exchanged various comments.


15) **Adjourn**

The Chair requested a motion to adjourn.

 Motion	M/S (Prysunka/Lynn) to adjourn the meeting. There were no objections to the motion.	✓ Action 21-874
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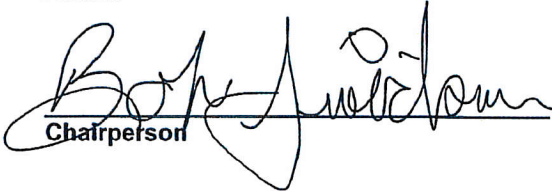
The meeting adjourned at 3:04 p.m.

Signed:



Secretary/Treasurer

Attest:



Chairperson

