

# SOUTHEAST ALASKA POWER AGENCY

## Regular Meeting

December 9, 2010

The Ted Ferry Civic Center, Ketchikan, Alaska

### 1) CALL TO ORDER, ROLL CALL

Chairman Joseph Nelson called the meeting to order at 9:10 AM ADST on December 9, 2010, held at the Ted Ferry Civic Center in Ketchikan, Alaska.

#### Roll Call

The following directors and alternates were present, thus establishing a quorum of the Board:

Director	Alternate	Representing
Charles Freeman	Mike Kline	Swan Lake – Ketchikan
	Richard Coose	Swan Lake – Ketchikan
	Paul Southland	Tyee Lake – Wrangell
	Timothy Rooney	Tyee Lake – Wrangell
Joe Nelson		Tyee Lake – Petersburg

The following participants were present for all or part of the meeting:

Dave Carlson	Chief Executive Officer, SEAPA
Eric Wolfe	Director of Special Projects, SEAPA
Donald K. Phillips	Operations Manager, SEAPA
Sharon Thompson	Executive Assistant, SEAPA
Joel Paisner	Attorney, AterWynne
Jim Nelson	General Manager, TBPA
Jay Rhodes	IBEW Local 1547
Robert Sivertsen	Councilmember, City of Ketchikan
Brett Blasingame	KPU Foreman, Swan Lake
Andrew Donato	Sr. Electric Engineer, KPU

### 2) Agenda

Mr. Carlson opened the agenda with the introduction of SEAPA's new controller, Kay Key, and news of the unfortunate passing of former FDPPA controller, Frank Barrus.

Mr. Carlson recommended that the agenda be amended to move discussion and potential action on the Integrated Resource Plan from the CEO Report to Old Business, Item A.

Chairman Nelson requested approval of the agenda, as amended.

**Mr. Rooney moved to approve the agenda, as amended. Mr. Southland seconded the motion. The motion carried unanimously. (Action 11-01)**

**3) Persons to be Heard:**

None.

**4) Minutes**

**Mr. Southland moved to approve the minutes of November 3, 2010. Mr. Rooney seconded the motion. The motion carried unanimously. (Action 11-02)**

**5) Financial Reports**

Mr. Carlson briefed the board on the September financial statement, and added that a draft of the audit conducted by Mikunda Cottrell was received and under review. He explained that everything appeared to be in good order, and that he will request formal approval of the audit at the next board meeting, with a representative of Mikunda Cottrell available to explain the audit to the board.

Chairman Nelson requested that the board approve disbursements for the month of November 2010.

**Mr. Southland moved to approve disbursements for the month of November 2010 in the amount of \$1,308,377.39. Mr. Freeman seconded the motion. The motion carried unanimously. (Action 11-03)**

**6) CEO Report**

Mr. Carlson opened his report with a reminder that the three member communities need to appoint board members for the 2011 term, explaining that Ketchikan will have the at-large seat with three voting members and three alternates, and Wrangell and Petersburg will each have one voting member and one alternate.

Mr. Carlson also reminded the board that there will be an election of officers at the first board meeting in 2011.

Mr. Carlson advised the board that after calling FERC in Washington, D.C., he was told the FERC land use fee bills, normally issued in February each year, were not sent out yet, and that FERC did not know when the bills would be sent. He said FERC did not explain why the bills had not been sent, and expressed concern that they are being held up because of the appeals utilities made after FERC readjusted their fee schedules, and that any readjustment of fees may not be favorable to SEAPA.

After discussion of the availability of board members for the next board meeting, Chairman Nelson suggested it be held on Tuesday, February 15, 2011.

The meeting recessed at 9:20AM and resumed at 9:33AM.

## **7) Operations Manager's Report**

Mr. Phillips reported that Gillespie, Prudhon and Associates, the contractor retained to work on the communications network, should have a preliminary report by the end of February on SEAPA's global network of communications.

Mr. Phillips presented a slide show with photographs of some of the events that took place at a Table Top Exercise required by FERC for remote dam facilities, which was held at Swan Lake on November 16. Mr. Phillips directed the board to a photograph of the participants of the Table Top Exercise, one of which included FERC Representative Jon Miyashiro. He explained that this was Mr. Miyashiro's first Table Top meeting because Mr. Miyashiro and other FERC representatives had concerns about the seep event of October 27 that made its way to the media, and how the information concerning the seep event was disseminated. Mr. Phillips explained that participants underwent a drill of evacuation procedures in the event of a dam failure, and were versed on the integrity of the dam's structure.

Mr. Phillips moved on with his presentation showing several photographs of problems encountered with trees interfering with transmission lines and inadequate helicopter landing pads, which prompted much discussion.

Mr. Phillips explained that Jim Nelson and Thomas Bay's cutter, Archie, were provided data to work up a budget proposal and time frame for an overall approach to re-establishing a right-of-way on the STI line, and that he is tasked with preparing a spreadsheet setting forth a long-term schedule and associated costs for clearing the line.

Mr. Carlson addressed the inadequate helicopter landing pads by explaining that he contacted John Magee of R&M Consultants, Inc. in Anchorage to prepare a proposal to develop usable foundation methods that can be employed with the differing soil conditions encountered in areas where helicopter pads are currently located, and in areas where new pads will be installed. He explained that different foundation installation procedures would be installed and tested to see which ones worked best, and that both the line clearing and helicopter pad projects would be long-term expensive projects constituting significant budget items every year into the future.

Mr. Phillips continued his report updating the board on an extension that was granted for submittal of proposals on the Power System Study RFP, explaining that the previous deadline of December 6 to submit bids was extended to December 10, 2010.

Mr. Phillips credited the contractor hired for the basic voltage look profile study, Schweitzer Engineering Laboratories, with providing a beneficial study that helped narrow the approach used in the Power System Study RFP, and commended Schweitzer for the benefits SEAPA has already reaped from information gained from their basic voltage look profile study.

## **8) Director of Special Project's Report**

Mr. Wolfe provided a brief summary of the capital jobs executed in 2010, reporting that the rewind is 100% complete based on installation and commissioning, but only 80% complete based on final invoicing that has not yet been received from the contractor to completely close out the project.

Mr. Wolfe reported on the status of the Swan and Tyee Scada Upgrade, explaining that L&S is documenting the exciter and control work. He reported that the project is 95% complete based on project commissioning of the new control system, and that with the automatic and manual control functions of Swan Lake from Tyee being fully commissioned on November 9, that the system continues to provide reliable automatic load following and automatic voltage control.

#### **9) Project Report**

Mr. Kline reported a change in personnel for Swan Lake, explaining that KPU electrician, Eric Ilten, wanted to return to Ketchikan from Swan Lake, and that electrician, Joel Buchanan, wanted to go to Swan Lake.

Jim Nelson expressed his confidence in the new machines at Tyee, noting there have been no major problems. Mr. Wolfe explained that a piping change was integrated into the rewind work, and that since the piping could not be built, it was necessary to hire contractor, Alaska Mechanical of Anchorage, to do the piping work. Mr. Wolfe elaborated on the difficulties encountered with the contractor's work explaining that the contractor had to go to Tyee three or four times until deficiencies were corrected.

The meeting recessed at 10:18AM and resumed at 10:33AM.

#### **10) Old Business**

Mr. Carlson discussed the Integrated Resource Plan (IRP) by briefing the board on SEAPA's letter to Governor Parnell urging progress on the project and emphasizing the importance of including the utilities and stakeholders of the Southeast region in development of the IRP. Mr. Carlson reported that while the letter prompted the Alaska Energy Authority (AEA) to get the IRP out to bid, they did so without first obtaining input or comment from the member utilities.

Several comments on the IRP ensued culminating in the majority of the board expressing their frustration and disappointment in the AEA's decision to put the IRP out to bid without input or comment from the member utilities, and directing Mr. Carlson to prepare a second letter to Governor Parnell addressing those concerns, with a follow-up meeting to the governor by Mr. Carlson and representatives of the member utilities and mayors of Petersburg, Wrangell and Ketchikan.

#### **11) New Business**

Mr. Wolfe reminded the board that the Power Sales Agreement calls for an annual review and approval of the SEAPA operations plan, which he explained is both a water management and energy delivery plan, with the energy delivery portion of the plan following water management.

Mr. Wolfe explained that SEAPA's primary water management task is to draft the Tyee reservoir to support Ketchikan loads, but not overdraft Tyee, which infringes on Petersburg and Wrangell's dedicated resource status. Mr. Wolfe explained a suggestion by SEAPA staff that if necessary, to limit SEAPA deliveries to Ketchikan, Tyee not be overdrafted and that both reservoirs must be full for winter peak loads.

Mr. Wolfe presented a slideshow reviewing SEAPA's 2010 Operations Plan and 2011 Water Management Plan, explaining a summary of the STI, that future emphasis should be on what SEAPA delivers from both hydro sites as a system, the loads SEAPA can support, load margin and spin reserve, a future forecast of expected annual energy and actual data on the delivery in 2010, and presenting a graph noting economic dispatch with no increase in operations and maintenance. Mr. Wolfe indicated that 2010 weather statistics would be compiled to correlate the weather with calculated inflows and actual loads. Mr. Wolfe concluded his presentation commenting that SEAPA will work on load growth in the immediate future.

Chairman Nelson recessed the meeting at 12:05PM for lunch. The meeting resumed at 12:45PM.

Chairman Nelson requested that the board entertain a motion to memorialize the decisions made on the IRP.

**Mr. Rooney moved to authorize Mr. Carlson to draft a letter to Governor Parnell setting forth SEAPA's concerns with the IRP, and directing utility managers to prepare a list of specific comments to the IRP's Scope of Work, and that a meeting be scheduled with Governor Parnell. Mr. Southland seconded the motion. The motion carried unanimously. (Action 11-04)**

Chairman Nelson requested the board's approval of the 2011 Operations Plan as presented by Mr. Wolfe. Discussion followed with Mr. Kline expressing concern that Bailey operators be apprised of Tyee water levels and that a phone call on Tuesday mornings reporting on the levels would alleviate some of those concerns.

**Mr. Rooney moved for approval of the 2011 Operations Plan as presented. Mr. Southland seconded the motion. The motion carried unanimously. (Action 11-05)**

Chairman Nelson directed the board to Item B of New Business, concerning the additional staffing request at Swan Lake.

Mr. Carlson addressed KPU's request for an additional person at Swan Lake by referring the board to a memo he prepared on the request which includes background on the staffing, the budget impact of the request, and research he compiled on staffing at other remote hydro projects in Alaska. Mr. Carlson advised the board the primary issue he has with the request is one of cost, which takes into consideration that labor and housing could escalate to one half million dollars in the first year.

Mr. Carlson elaborated on the current housing shortage at Swan Lake, noting the different options that could be exercised, including building a housing unit, or adding living quarters to the equipment storage building that is yet to be built. He explained that if either of these options were exercised, permitting, septic, and water need must be taken into consideration.

Mr. Carlson provided an overview of the research he conducted on the staffing of other remote hydro facilities in Alaska. He concluded that although there was no consistency in the staffing, that all the utilities he discussed the matter with accepted the risk if there was only one person on staff, and that safety aspects were not the strict criteria for staffing.

Mr. Carlson explained that although SEAPA's position is that a fourth person cannot be justified at Swan Lake, it is strictly a board decision. He recapped the elimination of the labor cap noting

that if the labor cap had remained in place the addition of a fourth person at Swan Lake would be a KPU issue because they would have to pay for the additional staffing.

Mr. Kline referred the board to a Question and Answer sheet prepared to address KPU's position on the staffing issue. Mr. Kline highlighted areas of concern in the operation of Swan Lake, including meeting OSHA regulations, noting that if staff is working on lines or equipment energized at 50 volts or higher, that a person trained in first aid and CPR must be available to assist within four minutes in the event staff is exposed to electric shock. He cited another concern as reliability in the event of a plant failure, which may require existing staff to work on lines or equipment energized at 50 volts or higher. Mr. Kline expressed a third concern would be in the event of an oil spill, which requires a minimum of two people for appropriate response and cleanup. He added a concern that the current three-person schedule precludes required OSHA training.

Chairman Nelson recommended that Mr. Kline prepare a plan for the additional staffing that addresses the housing issue, and sets forth specific costs for the labor and housing that the board can consider at a future meeting.

#### 12) Director Comments

Mr. Southland invited board members to Juneau to participate in the Ace Coalition Energy Conference in February 2011, and announced that Bernie Karl of Chena Power will discuss Chena Power's renewable energy projects, and that participation is also expected from a representative of the Canadian Consulate, Alaska Hydro, and the Cascade Group. He also announced that there would be a web-based registration process for those that may be interested.

#### 13) Adjourn

Without further discussion or objection, Chairman Nelson moved to adjourn the meeting at 1:50PM ADST.