

# SOUTHEAST ALASKA POWER AGENCY

**Regular Meeting**  
November 9, 2011

**Westmark Baranof Hotel | Juneau, Alaska**

## 1) Call to Order/Roll Call

Chairman Freeman called the meeting to order at 9:05 a.m. AST on November 9, 2011, held at the Westmark Baranof Hotel in Juneau, Alaska.

### Roll Call

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

Director	Alternate	Representing
Charles Freeman	James Rhodes (telephonic)	Swan Lake – Ketchikan
Andrew Donato	Mike Elerding	Swan Lake – Ketchikan
Richard Coose	Robert Sivertsen	Swan Lake - Ketchikan
Joseph Nelson	Ted Smith (telephonic)	Tyee Lake – Petersburg
Jeremy Maxand		Tyee Lake – Wrangell

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

Dave Carlson	Chief Executive Officer, SEAPA
Eric Wolfe	Director of Special Projects
Steve Henson	Operations Manager
Kay Key (telephonic)	Controller, SEAPA
Sharon Thompson	Executive Assistant, SEAPA
Joel Paisner	Attorney, AterWynne
Tim McConnell	KPU Electric Division Manager
Jim Strandberg	Project Manager, Alaska Energy Authority
Robert Venables	Southeast Conference Energy Coordinator
Kevin Harper	Principal Consultant, Black & Veatch
Clay Hammer	Superintendent, Wrangell Municipal Light and Power
Don Koenigs	Commissioner, Thomas Bay Power Authority
Ray Matiashowski	Government Consultant, Ray Matiashowski & Assoc.
Unidentified Caller	Wrangell, Alaska

## 2) Approval of the Agenda

**Mr. Sivertsen moved to approve the agenda. Mr. Maxand seconded the motion.** Mr. Nelson suggested the board discuss the CEO's departure. Chairman Freeman directed that the

agenda be amended to include the discussion under Item H, and moved to second the motion approving the agenda, as amended. **There were no objections to the amendment.** (Action 11-60)

**3) Persons to be Heard**

None.

**4) Review and Approve Minutes**

**Mr. Coose moved to approve the minutes of the special meeting of August 18, 2011, the regular meeting of August 25, 2011, and the special meeting of September 30, 2011. Mr. Sivertsen seconded the motion. The motion carried unanimously.** (Action 11-61)

**5) Financial Reports**

**Mr. Donato moved to approve disbursements for the months of August, September, and October 2011 in the amount of \$2,391,828.73. Mr. Nelson seconded the motion. The motion carried unanimously.** (Action 11-62)

**6) CEO Report**

Mr. Carlson presented an overview of SEAPA's insurance program noting modest price increases and encouraging the board to continue retention of Gary Griffin, an independent insurance consultant, for annual reviews of the insurance policies. The discussion migrated to the necessity for compliance by Thomas Bay Power Authority of the insurance requirements in the Operations and Maintenance Agreement. Mr. Carlson explained SEAPA's strict guidelines for insurance compliance, noting the inherent risks involved for SEAPA and the municipalities should a claim arise from insufficient insurance.

Mr. Carlson provided an update of the PFMA projects at Solomon Gulch reporting that the projects are nearing completion, with minor electrical work remaining on the low level outlet works and consultant work in preparing their submittals to FERC.

Mr. Carlson reported that the FY11 audit by Mikunda Cottrell went very well. He also reported that FERC had erroneously double-billed SEAPA for land use fees but, after the error was discovered, FERC reimbursed SEAPA for the error.

Mr. Carlson reported there was no news from FERC on SEAPA's application for a preliminary permit on Sunrise Lake, and that he would have more discussion on new hydro project research and development at the December board meeting.

**7) Operations Manager/Director of Special Projects Reports**

Mr. Carlson welcomed Steve Henson to the SEAPA staff.

Mr. Henson briefed the board on FERC activity, the Communication Network Upgrade Project, and the FCC's mandate that all existing VHF two-way radio transmitters operating at 25kHz bandwidth must be converted to 12.5kHz by January 1, 2013, or the licenses will face cancellation by the FCC. Mr. Henson's update continued to a discussion of the revenue meters. He explained that Emerson Network Power submitted a proposal for \$30,000 to test PT's, CT's,

voltage and current transformers to insure the accuracy of kilowatts read, and that once the proposal is evaluated, a task order may be presented to the board for approval.

Mr. Henson reported that a right-of-way clearing plan is in progress with a meeting with TBPA scheduled for November 21 to determine crew participation in the plan, and that plan development should be complete by February 2012. He provided a brief overview of the annual transmission and power plant maintenance schedule, and transmission line and substation repairs.

The meeting recessed at 10:25 a.m. and resumed at 10:42 a.m.

Mr. Wolfe presented a slide show to update the board on water management, reporting low loads and high inflows, resulting in spilling at the reservoirs.

Mr. Wolfe reported that during October, the web-indication and data retrieval product was implemented, explaining that control of both Tyee and Swan could be executed from Swan Lake or Tyee Lake, and that expenses to date totaled \$58,553 toward the project. He explained SEAPA's goals toward the next steps of the project.

Mr. Wolfe provided a brief snapshot of the ongoing and one-time maintenance projects.

Mr. Wolfe continued his report with an explanation of his analysis that the City of Ketchikan's Whitman Project would have a significant impact on SEAPA revenues for an extended period of time as SEAPA generation would decrease by 6500 MW for 20 years and revenues could decrease by approximately \$442,000 annually. He showed model results that Whitman would generate all year long with little contribution to displacing winter/spring diesel generation. He explained that dispatching Whitman as other KPU hydro plants are dispatched will increase spill at Tyee and Swan Lakes, and that spill means we have run out of storage. The board discussed Mr. Wolfe's analysis.

The meeting recessed for lunch at 11:58 a.m. and resumed at 1:10 p.m.

## **8) Presentation – Integrated Resource Plan**

Mr. Strandberg provided a report on the progress of the IRP project explaining that the report was late but assured the board that AEA would 'get it right' for SEAPA. He explained that their study would be directional, containing elements of Demand Side Management (DSM) and new project suggestions. He added that these projects (DSM and Hydro) will be consistent with the load forecast and transmission planning review, and that the new projects will be generic hydro, meaning that new hydro projects must at least fulfill the requirements of the generic characteristic.

The meeting recessed at 2:50 p.m. and resumed at 3:05 p.m.

## **9) Project Reports**

Mr. Koenigs, as an appointee of the Thomas Bay Power Authority (TBPA) Commission, reported on behalf of TBPA. He provided a brief history of TBPA, discussed some issues raised by TBPA's manager, and highly recommended that an independent review of the Operations and Management Agreement between SEAPA and TBPA proceed. He suggested that if an independent review did proceed, that an item be added to the scope of work to provide that a

working draft of an O&M agreement be prepared, which would provide the parties with a base to work from.

Mr. Koenigs continued discussing TBPA issues explaining that TBPA's manager has been directed to secure the appropriate insurance required under the O&M agreement with SEAPA. He complimented the TBPA manager and his crew for working cooperatively. Mr. Maxand concurred, and interjected that the communities of Petersburg and Wrangell need to discuss TBPA's future role and responsibilities.

Mr. Henson explained that he received "wish lists" from both Swan lake and Tyee Lake, and that he would be meeting with TBPA later this month over brushing plans.

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

None.

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

Mr. Carlson requested that \$20,000 be added to the budget for chains and forks for the Swan Lake Front end loader.

**Mr. Donato moved to approve an increase in the Swan Lake Front End Loader R&R Project #217-12 from \$100,000 to \$120,000. Mr. Coose seconded the motion. The motion carried unanimously. (Action 11-63)**

Mr. Carlson explained that he solicited lobbying proposals from Bob Evans and Ray Matiashowski and discussed their qualifications and proposed fees.

**Mr. Maxand moved to authorize staff to enter into a contract for lobbying services with Ray Matiashowski of Ray Matiashowski and Associates. Mr. Donato seconded the motion. The motion carried unanimously. (Action 11-64)**

Chairman Freeman noted the next item of discussion under New Business was Whitman Lake and KPU's request for a waiver of the Power Sales Agreement obligations.

**Mr. Donato moved to delay a decision on KPU's request for a waiver of the Power Sales Agreement obligations for Whitman Lake. Mr. Maxand seconded the motion.**

**Mr. Sivertsen moved to amend Mr. Donato's motion on delaying the waiver request to direct staff to prepare a list of options to present to the board. Mr. Coose seconded the motion.**

**Chairman Freeman asked for unanimous consent to defer Mr. Donato's motion and Mr. Sivertsen's motion to amend Mr. Donato's motion. There were no objections. (Action 11-65)**

Mr. Carlson requested that the board consider moving to electronic board packets and explained the options available.

**Mr. Sivertsen moved to purchase three generic electronic devices and issue one to each SEAPA Member Community for the purpose of determining whether the board wanted to**

utilize the electronic devices in place of paper board packets. Mr. Coose seconded the motion. The motion carried unanimously. (Action 11-66)

Mr. Sivertsen moved to authorize staff to prepare a Request for Qualifications to be followed by a Request for Proposals to provide for an independent SEAPA System Organization, Operations and Maintenance review. Mr. Coose seconded the motion. The motion carried unanimously. (Action 11-67)

Mr. Nelson moved to enter into a contract with Dave Carlson for his services after retirement. Mr. Freeman seconded the motion. The motion carried unanimously. (Action 11-68)

Mr. Maxand moved to authorize a salary increase for Eric Wolfe from \$127,500 to \$158,000 and to authorize staff to enter into a three-year contract with Mr. Wolfe. Mr. Sivertsen seconded the motion. The motion carried unanimously. (Action 11-69)

The board entered into a discussion of Mr. Carlson's announcement that he will retire January 15, 2012, and thanked him for his many years of service, and noted that his departure will leave a huge void. Further discussion ensued on strategy for finding a replacement.

Mr. Maxand moved to authorize staff to identify recruiting firms for recruitment of prospective CEO candidates. Mr. Nelson seconded the motion. The motion carried unanimously. (Action 11-70)

It was discussed and determined that because of the busy holiday and flight schedules, the next board meeting would be held on December 13 and 14, 2011 in Petersburg. Ms. Thompson will email details to the board as they become available.

## **12) Director Comments**

Various directors expressed their thanks to Mr. Carlson, commenting that he brought respectability to SEAPA, that he will be missed, and expressed their appreciation to the SEAPA staff. Discussion followed that it would be appropriate to create an evaluation committee and that SEAPA staff be involved in finding a replacement for Mr. Carlson.

Mr. Donato thanked everyone for their review of Whitman and asked that the regular Reliability Committee meetings be re-established.

## **13) Adjourn**

Chairman Freeman requested a motion to adjourn the meeting. Hearing no objections, Chairman Freeman adjourned the meeting at 4:32 p.m. AST.