

# SOUTHEAST ALASKA POWER AGENCY

## Regular Meeting

August 27, 2013

The Best Western Landing Hotel | Ketchikan, Alaska

### 1) Call to Order/Roll Call

Chairman Sivertsen called the meeting to order at 9:00 a.m. AKDT on August 27, 2013, which was held at The Best Western Landing Hotel in Ketchikan, Alaska.

#### Roll Call

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

Director	Alternate	Representing
Bob Sivertsen	Andy Donato	Swan Lake – Ketchikan
Dick Coose	Jay Rhodes	Swan Lake – Ketchikan
	Charles Freeman	Swan Lake - Ketchikan
Joe Nelson	John Jensen	Tyee Lake – Petersburg
	Clay Hammer	Tyee Lake – Wrangell

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

Trey Acteson	Chief Executive Officer, SEAPA
Eric Wolfe	Director of Special Projects, SEAPA
Steve Henson	Operations Manager, SEAPA
Kay Key	Controller, SEAPA
Sharon Thompson	Executive Assistant, SEAPA
Joel Paisner	Attorney, AterWynne

Chairman Sivertsen noted that the Agenda should be amended to include discussion on a compactor for Tyee under New Business, Item D, ahead of the scheduled Executive Session, to which there were no objections. Chairman Sivertsen requested disclosure of any conflicts of interest. None were stated.

### 2) Approval of the Agenda

Mr. Coose moved to approve the agenda, as amended. Mr. Nelson seconded the motion. There were no objections to the motion. (Action 14-241)

### 3) Persons to be Heard

None.

#### **4) Review and Approve Minutes**

**Mr. Freeman moved to approve the minutes of the Regular Meeting of June 25-26, 2013 and Special Meeting of July 17, 2013. Mr. Hammer seconded the motion. The motion carried unanimously. (Action 14-242).**

#### **5) Financial Reports**

**Mr. Coose moved to approve Financial Statements for the months of May and June 2013. Mr. Freeman seconded the motion. The motion carried unanimously. (Action 14-243)**

**Mr. Nelson moved to approve Disbursements for the months of June and July 2013 in the amount of \$1,744,261.86. Mr. Coose seconded the motion. The motion carried unanimously. (Action 14-244)**

#### **6) CEO Report**

Mr. Acteson opened his report reiterating the task at hand in promoting the Swan Lake Reservoir Expansion Project in the current challenging fiscal environment. He provided an overview of the opportunities he had to promote SEAPA's endeavors in his recent travels to an APA manager's forum, while addressing the Ketchikan City Council and Borough Assembly during discussions on the community priority list, and during a visit with Governor Parnell at SEAPA's office. He reported that staff would also pursue funding for the project in Round VII of the Alaska Energy Authority Renewable Fund Energy Program.

Mr. Acteson discussed SEAPA's federal level objective of a possible land swap for Lake Grace, advising he spoke to Senator Murkowski's energy expert, Chuck Kleeshulte, on the topic. He advised Mr. Kleeshulte that Lake Grace would be included in SEAPA's hydrosite analysis and that a White Paper may be provided to him and other federal representatives in an attempt to move the initiative forward.

Mr. Acteson provided an update of his meeting in Kake on August 6th, which included discussions on the Kake-Petersburg Intertie and was attended by Senator Murkowski. He reported he was also able to attend a dinner on August 8th that included attendance by Tom Tidwell, Chief of the U.S. Forest Service, at which impacts of the roadless rule on hydro development were discussed. Mr. Acteson also reported he was working on a structured compensation plan for SEAPA with consultant, Winstan Tan, and suggested that Mr. Tan attend the December 17, 2013 board meeting to present results of the plan. He also advised that the recruiting process for an administrative assistant was nearing completion with interviews soon to be scheduled for selection of a qualified candidate, and that recruitment would continue for the engineering position.

Mr. Acteson reported that he was able to discuss O&M review issues with the TBPA Commission President and circulated a memo discussing possible solutions to Wrangell and Petersburg's Mayors in an effort to continue dialog on the topic. He advised he would be attending a Wrangell Assembly meeting on September 10 to provide an update on SEAPA and answer any questions the Assembly may have. He also reported on a meeting that was held on August 13 with KPU to review the Whitman True-up. He expressed confidence that an acceptable true-up arrangement could be achieved.

The meeting recessed at 10:14 a.m. and reconvened at 10:38 a.m.

## **7) A. Operations Manager Report (Steve Henson)**

Mr. Henson reported that an RFP issued for the creation of a matrix for FERC reporting for assurance that all FERC reporting requirements are being met, and that the matrix could be shared with KPU when it is completed. He also reported that the annual inspection at Swan Lake went well with the FERC regional engineer reporting that all project structures were inspected, no deficiencies requiring immediate remedial action were observed, and the project structures currently meet commission dam safety standards and criteria. Mr. Henson commended the Swan Lake Foreman, Ray Davis, for a job well done in having all manuals, records, and everything else necessary available and on hand throughout the inspection.

Mr. Henson provided an update of the Wrangell Reactor Replacement Project advising that the project may be completed in December depending on completion of the design phase. He advised the Satellite Communication Project will provide a full-mesh private network between the SEAPA office, Tyee, the Petersburg and Wrangell substations, Wrangell Switchyard, and the Swan Lake Plant enabling all operators throughout the system to be on the same channel during switching however that capability will require an additional cost. He reported that SEAPA's consultant, Brett Serlin, redesigned some footers for the Helipad Project, saving approximately half a million dollars over the life of the project and that the Forest Service gave the go-ahead for final work, blasting, environmental foundation, and fire plans for the helipads.

Mr. Henson also provided updates on the Argo use permit, annual maintenance, SEAPA's Drawings and Documentations Project, Structure 76-1M, the Tyee dock, generator, and gate controls. He explained that after soliciting proposals for an excavator and compactor at Tyee, that only one vendor submitted a bid for the excavator and none were received for the compactor. Old equipment to be replaced by the excavator, a D4 Caterpillar with a winch on the back and a 310D John Deere rubber tired backhoe at Tyee will be surplused.

Mr. Henson closed his report with a slide show on progress of the Tyee weir, new Tyee floats, Tower 252 guy anchor repairs, and repairs made to the interior and exterior of the Burnette Peak radio shack. He advised there were also problems encountered at Towers 28 and 29 on the STI where it was determined likely that someone shot the lines causing two strands of conductor wire to become unwrapped.

The meeting recessed at 11:31 a.m. for lunch and reconvened at 12:58 p.m.

## **B. Director of Special Projects Report (Eric Wolfe, P.E.)**

Mr. Wolfe opened with a slide show presentation corresponding to his report in the board packet. He provided an update of the SCADA project showing how the satellite work on the north side will interface with a future satellite on the south side, replace the equipment tied into Petersburg, and integrate with the equipment at Swan Lake. His explanation of Swan and Tyee as the control points morphed into considerable discussion on control of the Swan Plant from the Bailey Substation. Mr. Donato explained the circumstances for requesting co-existence of the two processes. Discussion followed on the capability of control of the plants from other places with directors representing the northern communities affirming that they see no need to request control from Tyee, although they are faced with the same issues, and that communication between the plants could resolve issues as they arise. Mr. Wolfe explained that part of the review of the system was exploring options that are still available as technology emerges.

Mr. Wolfe showed several slides on the progress of the Tyee Outlet Weir Project and next construction steps to be undertaken. He advised that the US Geological Survey (USGS) had been

consulted on the construction and found the design acceptable. The USGS will install their own cables for holding velocity probes in the upstream waterway. FERC will be sent an as-built on the project.

Mr. Wolfe gave a brief update of the Swan Lake Storage Increase Project advising that agency resource plans were submitted to FERC, and that the next step is preparation of a Preliminary Draft Environmental Assessment (PDEA) followed by a draft license amendment. He explained that the PDEA is considered a draft when submitted with the license amendment application and becomes the Environmental Assessment once FERC accepts the license application. He followed with slides showing an enclosure built by consultant, Morris Kepler, for Swan Lake's spare generator coils and several more slides of work taking place on Swan Lake's Unit #2 bearing and advised that pipe will be ordered and construction will start in early September on Tyee's cooling water project.

Mr. Wolfe advised that he and Mr. Acteson attended a kick-off project management meeting in Boise for the hydrosite analysis funded by the Department of Commerce, Community and Economic Development (DCCED) grant. He explained that the other part of the DCCED grant is the Request for Offers of Power and Energy and that letters would be going out to those that submitted their Notice of Intent to make an offer.

Mr. Wolfe discussed water management and showed slides on Swan and Tyee's reservoir levels for expected and abnormal conditions and Swan Lake's historic elevations, with a reminder that we need to look at the risk going forward in management of the water.

#### **8) Project Reports**

Mr. Donato distributed a report on behalf of Swan Lake and provided a brief overview of activities that had taken place since the last board meeting.

There was no report on behalf of Tyee Lake.

#### **9) Old Business**

**Mr. Freeman moved to approve a rebate of \$800,000.00 to the member utilities. Mr. Coose seconded the motion. The motion carried unanimously. (Action 14-245)**

**Mr. Freeman moved to approve setting the wholesale power rate at 6.8 cents/kWh. Mr. Hammer seconded the motion. The motion carried unanimously. (Action 14-246)**

#### **10) New Business**

**Mr. Coose moved to authorize staff to enter into a contract with Ater Wynne LLP for an amount not to exceed \$60,000 to update the FDPPA/PMC 2005 Policies and Procedures Manual to correct referencing and conform to SEAPA's policies and procedures. Mr. Sivertsen seconded the motion. Mr. Nelson requested affirmation that Mr. Paisner would be the counselor working on the project within the Ater Wynne firm. Mr. Paisner confirmed he would do the work on the task. There was no opposition to Mr. Nelson's request. The motion carried unanimously. (Action 14-247)**

**Mr. Coose moved to direct staff to renew SEAPA's NRECA employee group benefit plans as presented. Mr. Hammer seconded the motion. The motion carried unanimously. (Action 14-248)**

**Mr. Hammer moved to adopt Resolution 2013-050 approving signatories to SEAPA's First National Bank Alaska Corporate Custody Account No. 56800000. Mr. Nelson seconded the motion. The motion carried unanimously. (Action 14-249)**

**Mr. Coose moved to authorize staff to issue a Purchase Order to Tyler Rental, Inc. for a used 2006 Kobelco SK160 Excavator for \$78,500 and used Brush Cutting Head for \$22,900 for a not-to-exceed value of \$101,400 for the Tye Lake Hydroelectric Project. Mr. Hammer seconded the motion. The motion carried unanimously. (Action 14-250)**

**Mr. Coose moved to authorize staff to surplus a D4H with winch and a John Deere 310D Rubber Tired Backhoe from the Tye Hydroelectric Project stock. Mr. Hammer seconded the motion. Chairman Sivertsen requested information on how the stock would be surplussed. Mr. Henson advised that Tyler Rental is now part of a nation-wide used equipment market system and that they offered to list it on that site, and that the alternative is to send it to Richie Auctioneers in Washington. The motion carried unanimously. (Action 14-251)**

**Mr. Coose moved to recess into Executive Session to conduct an evaluation of SEAPA's Chief Executive Officer. The Executive Session will be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may include a person or subject that may tend to prejudice the reputation or character of a person. Mr. Freeman seconded the motion. The motion carried unanimously. (Action 14-252)**

The meeting recessed at 2:20 p.m. for the executive session. The executive session ended at 4:09 p.m. The meeting reconvened at 4:13 p.m.

Chairman Sivertsen reported that the board met with the Agency's CEO and gave him direction. The SEAPA board meeting schedule was reviewed and all concurred that a special board meeting will be held on September 16, 2013 at 10 a.m. to consider approval of the submittal of two grant applications to the Alaska Energy Authority for Round VII of its Renewable Energy Fund Program, and that the next regular board meeting will be held in Wrangell on October 15 from 11 a.m. to 5 p.m. and on October 16 from 9 a.m. to 2 p.m.

#### **16) Director Comments**

Several directors expressed appreciation for the direction the Agency is going and thanked staff for their work. Mr. Donato provided an update of the Whitman Project. Chairman Sivertsen offered a reminder that there will be a lot of work to do for the upcoming legislative session.

#### **17) Adjourn**

**Mr. Hammer moved to adjourn. Mr. Freeman seconded the motion. There was no opposition to the motion. (Action 14-253)**

The meeting adjourned at 4:35 p.m.