



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

September 14-15, 2015

Borough Chambers
Petersburg, Alaska

(An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org)

1) Call to Order

A. *Roll Call.* Chairman Jensen called the meeting to order at 1:00 p.m. AKDT on September 14, 2015. The following directors and alternates were present, thus establishing a quorum of the board:

<u>Director</u>	<u>Alternate</u>	<u>Representing</u>	
	Bill Rotecki	Swan Lake	Ketchikan
	Andy Donato	Swan Lake	Ketchikan
	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson	John Jensen	Tyee Lake	Petersburg
*Stephen Prysunka	Clay Hammer	Tyee Lake	Wrangell

*Mr. Prysunka participated in the meeting telephonically.

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

Trey Acteson, Chief Executive Officer
Ed Schofield, Power System Specialist
Sharon Thompson, Executive Assistant
Joel Paisner, Ascent Law Partners, LLC

Eric Wolfe, Director of Special Projects
Steve Henson, Operations Manager
Kay Key, Controller

B. *Communications/Lay on the Table* – None.

C. *Disclosure of Conflicts of Interest* – None.

2) Approval of the Agenda

> Motion	M/S (Prysunka/Rotecki) to amend the Agenda to hold the executive session as the last item of business on September 14 th rather than on September 15 th . Motion approved unanimously by polled vote.	Action 16-446
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> Motion	M/S (Freeman/Nelson) to approve the Agenda, as amended. Motion approved unanimously by polled vote.	Action 16-447
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3) **Persons to be Heard** – Although it was anticipated that Ted Smith would be available to address the Board under this matter in the agenda, he was not present until later in the meeting. This item in the Agenda was moved accordingly.

4) Review and Approve Minutes

➤ Motion	M/S (Nelson/Freeman) to approve the Minutes of the Regular Meeting of June 10, 2015. Motion approved unanimously by polled vote.	Action 16-448
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➤ Motion	M/S (Nelson/Donato) to approve the Minutes of the Special Meeting of July 7, 2015. Motion approved unanimously by polled vote.	Action 16-449
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5) Financial Reports

(A)-(H) Mr. Acteson reported that SEAPA remains financially sound and provided the highlights of SEAPA's current revenue and expenses, construction fund, and renewal and replacement project expenditures.

➤ Motion	M/S (Freeman/Donato) to approve the financial statements for the months of May, June, and July 2015. Motion approved unanimously by polled vote.	Action 16-450
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➤ Motion	M/S (Rotecki/Freeman) to approve disbursements for the months of June, July, and August 2015 in the amount of \$3,443,857.07. Motion approved unanimously by polled vote.	Action 16-451
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6) CEO Report

Mr. Acteson announced that the Federal Energy Regulatory Commission (FERC) approved the license amendment for SEAPA's Swan Lake Reservoir Expansion Project and advised that although an appeal by intervening parties was possible, that FERC had thoroughly addressed each argument they presented, which may preclude further intervention. He provided highlights of the Energy Policy Modernization Act relating to hydropower regulatory improvements that had passed the Senate Energy and Natural Resources Committee and discussed the Alaska Power Association's 64th Annual Meeting, which was held in Ketchikan and hosted by SEAPA. He also advised that a Document Retention Policy had been drafted and after further vetting would be presented to the Board for consideration at its December meeting. He advised the annual insurance renewal was complete and that SEAPA's summer intern had terminated on August 17. He suggested the board consider an embedded scholarship in addition to its intern program in an effort to assist and encourage young professionals in developing their future career path in the organization.

The meeting recessed at 1:58 pm and reconvened at 2:10 p.m.

The Chairman announced that Persons to be Heard would be next on the Agenda since Ted Smith was available to speak to the board. Mr. Smith apprised the board of the status of a millsite biofuel co-gen project that he and John Glenn had hoped to develop. He reported that the project is on hold and that if it could be developed, it would be a win-win for SEAPA. He encouraged SEAPA to consider biofuels.

7) A. **Operations Manager Report (Steve Henson)** – Mr. Henson provided updates on several of SEAPA's major contracts and projects. He reported that 26 helipads had been installed to date, the brushing contractor had cleared 14 towers and 7 spans on the Swan Lake transmission line corridor, and that trail clearing on the Swan-Tyee Intertie would take place in Fiscal Year 2017 for access to existing towers. He explained that SEAPA was developing an agreement for sponsorship of Forest Service

cabins that would otherwise be disposed of. Any agreement would be brought before the board for its consideration at the next regular meeting. He discussed the failure of the Unit #1 generator breaker at Swan Lake and actions taken to correct the failure. Mr. Henson provided highlights from the Swan Lake and Tyee Lake reports.

B. Director of Special Projects Report (Eric Wolfe, P.E.) – Mr. Wolfe opened with a Power Point presentation on load forecasting and acknowledged receiving necessary data from two utilities for SEAPA's load forecast project. Following much discussion, different ways to assist the third utility in providing its data were presented. A resolution of the matter was agreed upon for retrieval of the data. Mr. Wolfe provided updates on SEAPA's Alarm-Controls-Protection, Swan Lake Reservoir Expansion Project, the Tyee Lake Turbine Spherical Valve projects and covered the accomplishments to date on the Hydro Site investigation being conducted by SEAPA. He also provided updates on Tyee Lake and Swan Lake unit integrity and discussed water management. He presented a comparison of this year's winter and spring conditions with a normal water year noting how different weather and loads have been from normal. He advised that SEAPA is compiling weather data in an effort to develop a load forecast for future planning efforts.

C. Power System Specialist Report (Ed Schofield) – Mr. Schofield reported that the Swan Lake Supporting Technical Information Document had been submitted to FERC and after completion of the Swan Lake Reservoir Expansion Project, the document would have to be rewritten and resubmitted to FERC because of the substantial changes to the Swan Lake Project. He provided updates on the status of SEAPA's office server backup power system, the Swan Lake Powerhouse roof, and generator exciter and switchgear replacement projects. He advised that a certified timber cruise would take place in October at Swan Lake because it is required under the license amendment granted by FERC. He explained that the Swan Lake Dam abutment would have to be cleared following a Part 12 Independent Consultant Safety Inspection Report and that a consultant had been hired to complete the task. Following his report, he presented slides on an unexpected layer of concrete and large amount of water that was found after the roofing contractor removed the old roof system from the Powerhouse at Swan Lake. It was determined that once the new roof was completed, that a recommendation be made in writing to KPU that the powerhouse be power washed every five years to keep the moss off.

The meeting recessed at 4:30 p.m. for an executive session. Before the executive session commenced, a motion was made and approved unanimously to enter into the executive session. The meeting reconvened at 5:40 p.m. into regular session. No formal action was taken following the executive session. Chairman Jensen recessed the regular session at 5:40 p.m. to continue the following day.

The meeting reconvened on September 15, 2015 at 9:00 a.m.

8) Call to Order

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

Director	Alternate	Representing	
*Lew Williams	Bill Rotecki	Swan Lake	Ketchikan
*Judy Zenge	Andy Donato	Swan Lake	Ketchikan
	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson	John Jensen	Tyee Lake	Petersburg
	Clay Hammer	Tyee Lake	Wrangell

*Mr. Williams and Ms. Zenge participated in the meeting telephonically.

9) **New Business.**

A. *Potential Unit 1 Rewind at Swan Lake.* Mr. Acteson explained that a high potential test would be conducted on Swan Lake's Unit 1 on September 9, and that SEAPA had solicited bids for a rewind contractor in the event the test failed. He advised bids that were received and a special board meeting would be called to award a contract to the recommended contractor in the event the test fails.

Chairman Jensen recessed the meeting from 9:07 a.m. to 9:09 a.m. to redial the speaker phone due to difficulties with audibility. Following the redial, Ms. Zenge was present telephonically; Mr. Williams was not yet back on the line.

B. *Contract Award Re Two (2) Used S65 Genie Manlifts*

➤ Motion	M/S (Freeman/Hammer) to authorize staff to enter into a contract with Tyler Rental, Inc. for one (1) used Genie S65 Boom Lift, Serial No. 56008-17417 for \$65,900 to be utilized at SEAPA's Tye Lake Hydroelectric Project and one (1) used Genie Boom Lift, Serial No. 56008-19593 for \$63,900 to be utilized at SEAPA's Swan Lake Hydroelectric Facility. Motion approved unanimously by polled vote.	Action 16-452
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C. *Sole Source Contract Award to Futaris, Inc.*

➤ Motion	M/S (Hammer/Rotecki) to authorize staff to enter into a sole source Purchase Order and Services Contracts with Futaris, Inc. for the not-to-exceed value of \$160,000 for a Bill of Materials, labor, and costs for Phase II of SEAPA's Satellite Communications Upgrade Project. Motion approved unanimously by polled vote.	Action 16-453
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D. *Sole Source Contract to Sunrise Aviation.* It is noted for the record that Mr. Williams re-joined the meeting telephonically prior to the following motion being heard:

➤ Motion	M/S (Hammer/Freeman) to authorize staff to enter into an Air Carrier Contract with Sunrise Aviation, Inc. for a five-year term effective September 1, 2015 to August 31, 2020 for fixed wing flight services at the base rate of \$400 for each contracted, scheduled, completed flight between Wrangell and the Tye Hydroelectric Facility, estimated to be 104 flights annually, with the option for Sunrise Aviation to revisit its rate on April 1 each year and negotiate insurance and fuel cost adjustments accordingly with the Agency's staff. Motion approved unanimously by polled vote.	Action 16-454
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E. *Review of Employee Benefits Plan FY16 Renewal Rates*

➤ Motion	M/S (Hammer/Freeman) to increase the budget for Administrative Expense to \$1,413,000 to cover the \$24,000 error and the escalation of health and welfare costs and direct staff to renew NRECA employee group benefit plans as presented. Motion approved unanimously by polled vote.	Action 16-455
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F. *Resolution No. 2016-059 Re Approval of Signature Authorities*

➤ Motion	M/S (Hammer/Freeman) to adopt Resolution No. 2016-059 authorizing signatories to the First Bank Accounts named in Resolution No. 2016-059. Motion approved unanimously by polled vote.	Action 16-456
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G. *Resolution No. 2016-060 Re Special Use Authorization for Use and Occupancy of National Forest Service Lands*

➤ Motion	M/S (Hammer/Freeman) to adopt Resolution No. 2016-060 authorizing SEAPA's Chief Executive Officer to file an application with the U.S. Forest Service for a Special Use Authorization for the use and occupancy of National Forest System lands located in the Lost Creek drainage area at Swan Lake for activities that will be required for the development of SEAPA's Swan Lake Reservoir Expansion Project. Motion approved unanimously by polled vote.	Action 16-457
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H. *Resolution No. 2016-061 Re Acquisition and Disposal of Capital Assets*

➤ Motion	M/S (Hammer/Freeman) to adopt Resolution No. 2016-061 which updates SEAPA's capitalization policy and which shall replace Resolution No. 90-42 in its entirety. Motion approved unanimously by polled vote.	Action 16-458
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The meeting recessed at 9:35 a.m. and reconvened at 9:50 a.m.

I. *Wholesale Power Rate.*

➤ Motion	M/S (Williams/Freeman) to reduce SEAPA's wholesale power rate from 6.8 cents/kWh to 6.2 cents/kWh. Following discussion, the motion failed three to two with Mr. Freeman, Mr. Nelson, and Mr. Hammer voting against the motion and Ms. Zenge and Mr. Williams voting in favor of the motion.	Action 16-459
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J. *Next Meeting Date*

After discussing various board members' schedules, the board reached a consensus that December 10-11, 2015 would be the next regular meeting of the directors:

- 10) **Director Comments** – Directors provided brief comments.
- 11) **Adjourn**

Chairman Jensen adjourned the meeting at 10:18 a.m. AKDT.