



SOUTHEAST ALASKA POWER AGENCY CEO REPORT

DATE: February 27, 2019
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
SUBJECT: CEO Report

EXTERNAL AFFAIRS:

The first quarter of the year tends to be fully loaded with external affairs' activities, mostly synchronized with state and federal legislative calendars. I won't go into all the recent committee and chair appointments since many of you already track these things closely. Suffice it to say, the hydropower industry is still well positioned to build on the substantive gains achieved at the federal level over the past 18 months.

I attended the Alaska Power Association's (APA) legislative fly-in the week of January 28th and chaired APA's Manager's Forum consisting of utility managers from across the state. As a seated APA Board member, I also participated in their regularly scheduled Board meeting. APA establishes annual policy statements each year and organizes legislative panels at the annual fly-in event. It allows the APA membership to get a sense of legislative priorities at the beginning of each year and provides an opportunity to convey the Electric Utility Industry's policy positions. The APA fly-in occurred prior to the release of the Governor's proposed budget and it was evident that legislators were in a holding pattern.

I returned to Juneau the week of February 12th for Southeast Conference (SEC) to provide a presentation and get an update on key economic indicators. I spoke on business resiliency and drew correlations between some of SEAPA's initiatives and how other industries in the room might apply some of those concepts. This year's *Southeast by the Numbers* presentation indicated that populations in Ketchikan, Petersburg, and Wrangell have remained reasonably stable, with slight increases. This contrasted to other areas that are still experiencing out migration. Absent of any major new industrial activity, changes in population inside of SEAPA's control area can be a major driver in electrical load trends. Growth in cruise ship traffic is anticipated to jump to 1.3M this year. It is unclear how this might affect loads in the support services industry, but I would expect to see a measurable increase as shoulder seasons are expanded and new businesses emerge. Still in its infancy stage in Alaska, mariculture appears to be gaining momentum. If growth objectives are achieved over the next 10+ years, existing fish processing facilities may see an opportunity to expand their product lines and extend their days of operation.

The Governor released his budget the last day of the SEC legislative fly-in, and as expected, it became the dominant topic. I had an opportunity to review a sectional analysis of the proposed budget on the flight home and have great concern over potential impacts to the communities we

serve. Although I expect the final product to be less aggressive, there will be significant uncertainty in the near term.

I attended the Northwest Hydroelectric Association's (NWHHA) annual conference in Portland, Oregon the week of February 19th. NWHHA is a regional hydro-focused organization with a Board comprised of representatives from Alaska, Washington, Oregon, California, Idaho, Montana, and British Columbia. The conference attracts over 400 people from across the United States, as well as foreign interests. NWHHA is the oldest hydro organization in the United States and provides a unique opportunity to build relations with other hydro operators, as well as technology representatives and expert consultants. It is also a great recruitment platform. The Association dedicates time during the annual conference to support a *Hiring for Hydro* and *Women in Hydro* initiatives. NWHHA also holds various technical workshops during the year and is actively engaged in policy issues that can directly affect SEAPA. I was recently re-elected to a second term as President of the Association.

The State-specific Roadless Rule effort appears to still have momentum and the options developed by the Governor appointed Citizen's Advisory Committee that I serve on, are merging into the Federal Draft EIS process. This is good news, as there was some concern the process could be interrupted by the change in State Administration and/or an extended federal government shutdown. It is likely the Committee will be called to reconvene in a couple of months to review comments and offer further input. I believe this process may be our only real opportunity to enhance access to the multi-use resources within the Tongass. It is also clearly on Senator Murkowski's radar, as she recently addressed it one of her speeches.

SWAN LAKE O&M TRANSITION:

The Swan Lake O&M transition draft documents have been completed and forwarded to KPU for review. Staff from both organizations are working through some of the finer details that may be required for implementation. I anticipate KPU will need more time to finish their review, so a realistic goal would be to have these ready for Board consideration at the end of March. Staff will suggest a special board meeting on March 28 as noted under Agenda Item 14 (Calendar Year 2019 Meeting Dates). I have designated an opportunity under old business for the Board to continue discussions on the O&M transition and this should include pole attachment agreements for telecom entities. I have asked Mr. Paisner to weigh in on this topic to provide some additional perspective.

PERSONNEL:

Recruitment to support the Swan Lake O&M transition is in full swing. Prior to the end of the year deadline we received letters of commitment from three existing KPU Swan Lake employees to transfer to SEAPA upon completion of the O&M transition. This left a vacancy for one Operator/Electrician and the new Roving Relief position approved by the Board during our December meeting.

We completed requisite job description updates and received I.B.E.W. concurrence for the changes. The Operator/Electrician (to be based at Swan Lake) and a Roving Relief Operator were posted in-house beginning January 30th (per the labor agreement) and no internal candidates expressed interest. The two positions are currently open out on the street and we are actively recruiting. As of February 26th, we have received 25 applications for the Operator/Electrician and 6 applications for the Roving Relief. Recruitment is ongoing and we plan to conduct the first round of interviews in mid-March.