



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

1) Call to Order

A. *Roll Call*

Chairman Stephen Prysunka called the meeting to order at 9:00 a.m. AKDT on September 27, 2018. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Judy Zenge	Bob Sivertsen	Swan Lake	Ketchikan
Bob Lynn	John Jensen	Swan Lake	Ketchikan
Stephen Prysunka	Jim Nelson	Tyee Lake	Petersburg
Lisa Von Bargaen	Steve Beers	Tyee Lake	Wrangell
		Tyee Lake	Wrangell

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

Trey Acteson, Chief Executive Officer	Clay Hammer, Operations Manager
Ed Schofield, Power System Specialist	Robert Siedman, Dir. of Eng & Tech Svc.
Kay Key, Controller	Sharon Thompson, Ex Asst/Cont Admin
Marcy Hornecker, Administrative Asst.	Joel Paisner, Ascent Law Partners, LLC

B. *Communications/Lay on the Table Item(s):* KPU Swan Lake Report

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

2) Approval of the Agenda

➤ Motion	M/S (Von Bargaen/Lynn) to approve the agenda, as amended, to move New Business Item 6-G to be heard first as Agenda Item 6-A with the remaining items moved forward accordingly and adding Agenda Item 6-H for a discussion on rate stabilization. Motion approved unanimously by polled vote.	Action 19-678
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3) Persons to be Heard: None.

4) **Review and Approve Minutes**

➤ Motion	M/S (Von Bargen/Lynn) to approve the Minutes of the Regular Meeting of June 19-20, 2018, Minutes of Special Meeting of July 27, 2018 and Minutes of Special Meeting of August 31, 2018. Motion approved unanimously by polled vote.	Action 19-679
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5) **Financial Reports**

(A)-(J) Mr. Acteson reported that SEAPA's financial position is stable and provided an overview of SEAPA's finances.

➤ Motion	M/S (Prysunka/Zenge) to accept the May, June and July 2018 financial statements as presented, and disbursements for June, July, and August 2018 in the amount of \$2,455,544.77. Following additional discussion by the CEO on the disbursements that had been paid out, and FY2018 and 2019 kWh graphs, R&R reports, a grant summary, and financial statements, the motion was approved unanimously by polled vote.	Action 19-680
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6) **New Business**

A. *Executive Session*

➤ Motion	M/S (Zenge/Lynn) to move to recess into Executive Session for discussions relating to the following two matters: (1) Agency's contract negotiations with the IBEW Local 1547. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310 as the discussions will include subjects the immediate knowledge of which would clearly have an adverse effect upon the Agency Projects; and (2) discussion of matters that could tend to prejudice the reputation and character of an individual. Motion approved unanimously by polled vote.	Action 19-681
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The meeting recessed at 9:21 a.m. for the executive session. The executive session ended at 10:50 a.m. and the regular session reconvened at 11:10 a.m.

B. *Consideration and Approval of Contract Award for Swan Lake Reservoir Access Ladder Extension Project*

➤ Motion	M/S (Prysunka/Lynn) to authorize staff to enter into a contract with BAM, LLC for SEAPA's Swan Lake Reservoir Access Ladder Extension Project for the lump-sum bid amount of \$58,800. Motion approved unanimously by polled vote.	Action 19-682
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C. *Consideration and Approval of Award for Swan Lake Wastewater Treatment System Modification Project*

➤ Motion	M/S (Zenge/Von Bargaen) to authorize staff to enter into a contract with BAM, LLC for SEAPA's Swan Lake Wastewater Treatment System Modifications Project for the lump-sum bid amount of \$118,800. Motion approved unanimously by polled vote.	Action 19-683
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D. *Consideration and Approval of R&R Budget Amendment*

➤ Motion	M/S (Von Bargaen/Lynn) to approve the addition of RR241 Stream Gage and RR270 Dampers capital projects to the FY2019 budget in the amounts of \$10,000 and \$70,700 respectively. Motion approved unanimously by polled vote.	Action 19-684
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E. *Consideration and Approval of Whitman True-up Agreement*

➤ Motion	M/S (Lynn/Zenge) to authorize SEAPA's Chief Executive Officer to enter into the Amended Whitman True-up Agreement between the City of Ketchikan, d/b/a Ketchikan Public Utilities and the Southeast Alaska Power Agency, which was signed by the City of Ketchikan's Manager, Karl Amylon, on June 22, 2018, a copy of which is included in SEAPA's September 27, 2018 Board packet, regarding a true-up process for certain displaced sales resulting from the annual operation of the Whitman Lake Hydroelectric Project in Ketchikan, Alaska. Following a brief explanation by Mr. Acteson of the Whitman True-up's process and history, the motion was approved unanimously by polled vote.	Action 19-685
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F. *Consideration and Approval of Administrative Employee CY2019 Group Benefits*

➤ Motion	M/S (Zenge/Von Bargaen) to renew NRECA employee group benefit plans for calendar year 2019 as presented. Motion approved unanimously by polled vote.	Action 19-686
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G. *Consideration and Approval of Resolution No. 2019-071 Re: Amended and Restated 457(b) Deferred Compensation Plan*

➤ Motion	M/S (Zenge/Von Bargaen) to adopt Resolution 2019-071 which approves and adopts the Amended and Restated Deferred Compensation Plan of the Southeast Alaska Power Agency with an effective date of January 1, 2018. Motion approved unanimously by polled vote.	Action 19-687
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H. *Discussion Re Rate Stabilization*

Mr. Acteson distributed a handout on Large Projects and Debt Service to illustrate the Agency's large capital expenditures (capex) not covered under its 4R Plan. He explained that although the 4R Plan mentions transmission lines it does not account for new generation. He illustrated what the cost with inflation, annual debt service, and debt duration may be in the future for the Swan

and Tyee transmission lines, submarine cables, and new generation. He advised there are additional costly projects such as marine access at Tyee that are not in the 4R Plan that will also need to be integrated into future fund planning along with costs for relicensing of the projects. He discussed the Agency's current risk mitigation efforts and advised that as the Agency monitors its loads, the timing for development of new generation would become clear. The discussion evolved into ways to finance future projects, the possibility of future rate increases, and the prudence of saving now to lower long-term debt and help hedge inflation. It was determined that it would be prudent to review these items on an annual basis as more information becomes available.

The meeting recessed at 11:51 a.m. for lunch and reconvened at 1 p.m.

7) CEO Report

Mr. Acteson reported that the Swan Lake Hydroelectric Project Boundary Correction Act was signed into law by the President on July 20, 2018, and that letters had been sent to two Congressmen soliciting support to advance important reforms extending preliminary project permit durations to four years, construction timeline extensions to eight years, and reducing scheduling risks associated with new project permitting and development. He announced that he applied for a position on the Alaska Roadless Rule Citizen Advisory Committee for development of a state-specific roadless rule and expressed his appreciation for all the support he received from the Agency's three Member Communities, the Alaska Energy Authority, Alaska Power Association, Alaska Electric Light and Power, and Southeast Conference towards that effort. Mr. Acteson discussed his concerns with Ballot Measure 1 and provided updates on the RCA certificate of public convenience issue. He announced that a draft report of findings for the hydrosite investigations effort would be provided at the December board meeting, provided updates on insurance renewals, and discussed highlights of the National Hydropower Association and Southeast Conference meetings that were held in Ketchikan the week of September 10. He reported he met with KPU management on the Swan Lake O&M transition to discuss key issues and also met with Swan Lake employees and the local I.B.E.W. representative. He advised it may be necessary to hire a Roving Relief Operator to help cover vacations following the Agency's assumption of Swan Lake operations and maintenance.

8) Staff Reports

A. Operations Manager Report

Mr. Hammer advised that the Tyee Road Access to Tidewater Project may be cost prohibitive for the Agency and suggested that an evaluation include comparative figures for ongoing dredging. He provided updates on the status of ATV use on the Tyee transmission system, reported that the Alaska DNR approved a survey and plat for the Tyee Satellite Platform; noting, however it may take the DNR from three to 12 months to respond to field survey work that had been completed on the Swan-Tyee Intertie (STI) for right-of-way permitting. Mr. Hammer announced that a submarine cable ROV inspection was completed on July 8th and initial reviews indicate that with the exception of some unusual spanning the cables appear to be in very good condition for their age. He noted that inspection of submarine cables along shoreline areas were not a part of the scope of the project and that those areas still need to be inspected by divers or a small ROV in the spring of 2019 when water clarity is more conducive to an inspection. He advised that access foot ramps had been placed on taller helipads along the STI, that new snow markers had been built by the staff at the Swan and Tyee plants and placed at each site, and that staff applied for a permit from the DNR to erect a 100 ft. tower Meteorological Tower with data collecting equipment. He provided updates on wood pole testing, annual transmission line and plant maintenance, and tasks performed by the Tyee crew at the Tyee Plant. The Swan Lake report was distributed for board review.

The meeting recessed at 2:07 p.m. and reconvened at 2:19 p.m.

Chairman Prysunka announced that Mr. Siedman's report would be moved ahead of the Power System Specialist Report.

B. *Director of Engineering & Technical Services Report*

Mr. Siedman provided highlights of several projects successfully completed or in the design and testing phase which included the Phone Servers, Control Room Touch Screens, Governor Modernization, PLC and RTD Modernization, and battery discharge testing projects at Swan Lake and the Lake Level Remote RF-Modem Project at Tyee Lake. He continued with a PowerPoint presentation on lake levels and SEAPA's operations plan illustrating how the operations plan provided in December 2017 was on track with the guide curve through to June of this year, when it changed due to the unpredictability of the dry weather experienced in July, August, and September, which produced less than half of the typical average 87 inches of rain to date. He explained what the Agency does, why it's done that way, and how it's done regarding operations of the Swan and Tyee Lakes to maximize the utilization of each based on predicted inflows and expected load forecasts. He clarified that the reason power shifts north and south throughout the course of a day is because of how the Agency's Swan-Tyee Control System (STICS) is set up, explaining that the system runs on load tables, which are based on total SEAPA load so as the load reaches a different value, a unit is either turned on or megawatts are increased in that unit, which to date has been successful for operational goals.

C. *Power System Specialist Report*

Mr. Schofield reported that the Tyee Lake power tunnel was inspected with a remotely operated vehicle (ROV) on September 12, 2018 for the first time since it was commissioned in 1983. During the inspection it was determined the overall condition of the tunnel is good; however, evidence of minor wall sluffing in three locations was observed. He reported that a tunnel dewatering plan can now be developed from information gleaned during the inspection that will take tunnel deficiencies into account to decrease the risk of a tunnel failure in the event an emergency draining of the tunnel is required. He reported that before the ROV inspection of the power tunnel could be performed, the Tyee intake gate had to be removed from the gate shaft. Removal of the gate afforded an opportunity for inspection which revealed the gate stems were severely damaged by rust. Sandblasting revealed that at least ten stems require replacement, which will be requested in the FY2020 budget. Mr. Schofield advised additional repairs, including replacement of gate seals and roller guide bearings are needed on the intake gate. Mr. Schofield also reported that the Marine Bulkhead Restoration Project and the rare plant portion of a USFS condition of FERC's licensing requirements in Swan Lake were both completed. He provided an update on the Swan Lake Flash Board Gate Components and announced that the final report for the Swan Lake PRO&M review was complete. He closed his report with a slide show of the ROV tunnel inspection.

9) *Next Meeting Date*

There were no objections to the next board meeting date of December 12-13, 2018 in Petersburg.

10) *Director Comments*

Directors provided brief comments.

11) Adjourn

Chairman Prysunka adjourned the meeting at 3:41 p.m.