



SOUTHEAST ALASKA POWER AGENCY

Special Board Meeting AGENDA

SEAPA Offices | Ketchikan, Alaska

Thursday, June 27, 2019 | 3:00 p.m. AKDT

**For Telephonic Participation:
Dial 1-800-315-6338 (Access Code: 73272#)**

1. Call to Order
 - A. Roll call
2. Approval of the Agenda
3. New Business:
 - A. Consideration and Approval of Resolution No. 019-074 Re Transition of Swan Lake Hydroelectric Project Operations and Maintenance
 - B. Consideration and Approval of Swan Lake Powerhouse Station Service System Design Upgrade Contract
4. Adjourn



SOUTHEAST ALASKA POWER AGENCY

Date: June 24, 2019
To: SEAPA Board of Directors
From: Trey Acteson, CEO
Subject: Resolution No. 2019-074 Re: Transition of Operations and Maintenance of Swan Lake Hydroelectric Project

Attached for your consideration and approval is Resolution No. 2019-074, which serves to release Ketchikan Public Utilities from its responsibilities under the Operations and Maintenance Agreement ("O&M Agreement"), terminate the O&M Agreement, requires SEAPA to accept all responsibilities once required of KPU under the O&M Agreement, authorizes SEAPA's CEO to execute the Swan Lake Hydroelectric Project Transition Documents and any other necessary and related agreements or documents required to complete the transition process, all to be effective on July 1, 2019.

Please consider the following suggested motion:

SUGGESTED MOTION
<p>I move to adopt Resolution No. 2019-074 regarding the transition of operations and maintenance of the Swan Lake Hydroelectric Project effective as of July 1, 2019.</p>

Attachment:
Resolution No. 2019-074



Resolution No. 2019-074**

THE SOUTHEAST ALASKA POWER AGENCY

Transition of Operations and Maintenance of Swan Lake Hydroelectric Project Effective July 1, 2019

WHEREAS, the Southeast Alaska Power Agency ("SEAPA") is the owner of the Swan Lake Hydroelectric Facility ("Swan Lake", FERC License No. P-2911); and

WHEREAS, SEAPA and Ketchikan Public Utilities ("KPU") originally entered into an Operations & Maintenance Agreement on December 24, 1996 (the "O&M Agreement"), which in part, is subject to an annual renewal unless either SEAPA or KPU provides a one-year advance notice of termination effective on July 1 of the next contract year, and required KPU to provide operations and maintenance for Swan Lake; and

WHEREAS, on July 20, 2018, KPU petitioned SEAPA to release the City of Ketchikan, d/b/a Ketchikan Public Utilities from its obligations under Swan Lake's O&M Agreement dated December 24, 1996 providing that the release would become effective under such terms and conditions that are acceptable to both the City and SEAPA; and

WHEREAS, at a Special Board Meeting held by SEAPA's Board of Directors on July 27, 2018, the Board granted SEAPA's CEO the full authority to commence negotiations with KPU's designated representative to develop draft agreements for an effective transition of the Operations and Maintenance responsibilities for Swan Lake from KPU to SEAPA, which agreement would be brought to the SEAPA Board for further consideration at a date to be determined; and

WHEREAS, SEAPA and KPU have completed the negotiations where the following five (5) agreements provide for a full and complete transition of all of KPU's O&M Agreement responsibilities:

- Bailey Substation Demarcation, Access & Equipment List Agreement;
- Joint Use Pole Agreement between Ketchikan Public Utilities Electric Division and SEAPA;
- Joint Use Pole Agreement between Ketchikan Public Utilities Telecom Division and SEAPA;
- Mutual Aid Agreement; and,
- SEAPA-KPU Data Exchange

Collectively referred to as the "Swan Lake Hydroelectric Transition Documents", these agreements provide for the transition of the operations and maintenance of Swan Lake from KPU to SEAPA. The target date for the transition of the operations and maintenance of the Swan Lake Hydroelectric Project from KPU to SEAPA is July 1, 2019; and

WHEREAS, at a Ketchikan City Council meeting held on June 20, 2019, the Ketchikan City Council approved the Swan Lake Hydroelectric Project Transition Documents providing for the transition of the operations and maintenance of the Swan Lake Hydroelectric Project from KPU to SEAPA effective on or about July 1, 2019; and

WHEREAS, in order to assume the operations, maintenance, and all related obligations for Swan Lake in a safe, reliable, and timely manner, and provide a smooth transition of Swan Lake's

operations and maintenance to SEAPA, the Board of Directors of the Southeast Alaska Power Agency hereby adopts the following resolution:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Southeast Alaska Power Agency have reviewed the Swan Lake Hydroelectric Project Transition Documents, determined they are reasonable, and agree that they provide for the full termination of the O&M Agreement with KPU, and hereby releases KPU from its responsibilities under the O&M Agreement, terminates the O&M Agreement, accepts all responsibilities once required of KPU under the O&M Agreement, and approves the Swan Lake Hydroelectric Project Transition Documents. The Board of Directors authorizes its CEO to execute the Swan Lake Hydroelectric Project Transition Documents, and any other necessary related agreements or documents required to complete the transition process. The CEO is directed to complete the transition process and to assume all of the operations and maintenance responsibilities for the Swan Lake Hydroelectric Project from KPU to SEAPA, all to be effective on July 1, 2019.

This Resolution No. 2019-074 was duly PASSED and ADOPTED by SEAPA’s Board of Directors on the 27th day of June 2019 in Ketchikan, Alaska.

SOUTHEAST ALASKA POWER AGENCY

By _____
Chairman

ATTEST:

Secretary/Treasurer



SOUTHEAST ALASKA POWER AGENCY

Date: June 24, 2019
To: Trey Acteson, Chief Executive Officer
From: Robert Siedman, Director of Engineering and Technical Services
Subject: Swan Lake Powerhouse Station Service System Design Upgrade Contract

A Request for Proposals for the Agency's Swan Lake Station Service System Design Upgrade Contract was advertised on May 16, 2019. Two (2) bids were received on June 14, 2019 as follows:

Bidder	City/State	Lump-Sum Bid Amount
Electric Power Constructors, Inc.	Anchorage, Alaska	\$229,012
Olsson Industrial Electric, Inc.	Springfield, Oregon	\$248,290

The proposals were primarily evaluated on price, design approach, technical design examples, qualifications of proposed design professionals, and completeness and quality of bid proposal documents. Based upon the evaluation, staff recommends award of the contract to Electric Power Constructors, Inc. as the low bidder, together with a 15% contingency for unforeseen expenses. \$300,000 was authorized for engineering for the project in the Current R&R Projects' July-December 2019 Budget for the contract.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a Contract with Electric Power Constructors, Inc. for SEAPA's R&R Project 19314 for the Swan Lake Powerhouse Station Service System Design Upgrade Contract for the lump-sum bid amount of \$229,012, plus a 15% contingency of \$34,351.80 for a total not-to-exceed amount of \$263,363.80.

Attachment:
R&R19314



RR19314

Station Switchgear SWL

Project:	Station Service Switchgear – Swan Lake		
Description:	480V Double-Ended Station Service Switchgear		
Cost Estimate:	\$1,300,000	Sched. Complete:	Jun 2020
		Project Mgmt:	R. Siedman

PROJECT DISCUSSION

The Swan Lake Station Service Switchgear is 38 years old and at the end of its useful life. The N1 480V station service breaker is currently stuck in the racked-in position and is unable to be racked out for inspection and maintenance. The E2 breaker was recently inoperable with hardware from the breaker found loose in the cabinet by Swan Lake maintenance personnel. Replacement of the E2 breaker hardware provided extended use of the breaker however all station service switchgear breakers have become a reliability and safety concern. Auto-trip and transfer functionality, including emergency power transfers to diesel generators, is intermittent and does not perform reliably. All feeder and sub-feeder cables are also at the end of their useful life with increased probability of failures. This project would result in new 480V double-ended Station Service Switchgear, breakers, feeder and sub-feeder cables, fiber optic Arc Flash protected busbars, Arc Flash Reduction Maintenance Switches (ARMS), complete drawings sets including updated powerhouse one-line and three-lines, Operations Manuals and Training. The new switchgear will be designed with redundancy and isolation in metal-clad rated gear to provide reliability, redundancy and increased safety to onsite personnel with reduced incident energy levels (Arc Flash). Dry type transformers will be utilized to reduce concerns with the existing oil filled transformers in the powerhouse, further increasing safety, reliability and reducing fire hazard concerns.

PROJECT COST ESTIMATE

BREAKDOWN	ESTIMATE	BUDGET - EXPENDITURES	
Engineering	\$300,000	FY19 Expenditures	\$ 13,107
Hardware, install & commissioning	830,500	Jul-Dec 2019 Budget	300,000
Contingency 15%	169,500	FY2020	986,893
Totals	\$1,300,000	BUDGET TOTAL	\$1,300,000

Project Cost Estimate Discussion

Engineering estimate generated by onsite visit from Olsson Industrial Electric. Jul-Dec 2019 budget includes engineering and design; the RFP for design bids closed on June 12.