



SEAPA 101

BOARD PRESENTATION

JANUARY 25, 2024- KETCHIKAN

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WHAT IS SEAPA?

Southeast Alaska Power Agency (SEAPA)

SEAPA is a Wholesale Electric Provider

- ▶ Commonly Known as a Generation and Transmission Agency (“G and T”)

SEAPA Created by Alaska Statute

- ▶ AS Section 42.45.300-.310
- ▶ A Joint Action Agency of the State (the only one in Alaska!)
- ▶ Formerly Known as: Four Dam Pool Power Agency (FDPPA)

What is SEAPA – Facilities

SEAPA Owns and Operates 2 Hydroelectric Projects

- ▶ Swan Lake Dedicated to Ketchikan (KPU)
- ▶ Tyee Lake Dedicated to Wrangell (WML&P) and Petersburg (PMP&L)
- ▶ Licensed by Federal Energy Regulatory Commission (FERC)

SEAPA Owns and Operates Swan – Tyee Transmission Line

SEAPA Manages Water According to its Long Term Power Sales Agreement



Swan – Tyee Intertie

What is SEAPA – Customers

SEAPA Has 3 Customers – Power Sold Wholesale:

- ▶ Ketchikan Public Utilities
- ▶ Wrangell Municipal Light & Power
- ▶ Petersburg Municipal Power & Light

SEAPA Must Sell “All Capacity and Energy” it Produces

- ▶ All sales are to each Member Utility according to Long Term Power Sales Agreement
- ▶ Wholesale Power Rate – (was held at 6.8 cents for many years)
 - ▶ Rate Set Annually by Board of Directors, tied to budget

What is SEAPA – Governance

- ▶ SEAPA Governed By 5 Member Board of Directors
 - ▶ One-year terms, each Board position has an alternate
- ▶ Each Project Represented By Two Board members
 - ▶ Swan Lake – 2 Ketchikan Board members
 - ▶ Tyee Lake – 1 Petersburg Board member -1 Wrangell Board member
- ▶ Fifth Board member rotation –
 - ▶ Per JAA Agreement and Bylaws, 5th Board member rotates annually between Projects – Swan Lake and Tyee Lake

What is SEAPA – Governance

Fifth Board member rotation – continued

- ▶ 2023 – Fifth Board member selected by Ketchikan as the Swan Lake Project Representative
- ▶ 2024 – Fifth Board member selected by Petersburg as the Tye Lake Project Representative

Member Utilities – City Council/Mayor Appoint SEAPA Board members (Depending on City)

Joint Action Agency Agreement and Bylaws Provide Basis for Governance

- ▶ SEAPA is separate and distinct from its Member Utilities
- ▶ Debt is separate from each Member Utility

What is SEAPA – Governance

- ▶ Board of Directors Elects Officers Annually
- ▶ SEAPA is Managed by its Chief Executive Officer (CEO)
 - ▶ CEO Reports to the Board of Directors
- ▶ Adopted Policies Help to Govern SEAPA
- ▶ CEO Hires Staff to Manage the Agency Consistent with the Bylaws and Policies
- ▶ Annual Budgets Approved and Adopted by the Board of Directors
- ▶ Board meetings follow Roberts Rules of Order and Alaska Public Meeting laws

Role of Agency Board Member

Each Board member Appointed by City Council/Borough of The Member Utility (including Alternates)

Serving On SEAPA Board, Each Board Member Has a **Fiduciary Duty** to the Agency

What Is a **Fiduciary**?

- ▶ A Fiduciary assumes a duty to act in good faith and with care, candor, and loyalty in fulfilling their obligation to the Board.
- ▶ The duty of care is one that an ordinarily prudent person exercises – reasonableness standard
- ▶ Practically, even though a City Council or Borough Assembly appoints you to SEAPA, the fiduciary obligation runs to SEAPA and not necessarily to the city/borough appointing you
- ▶ For example, the duty of loyalty may be breached by disclosing confidential information to the public discussed in an executive session

Board's Fiduciary Duty – cont.

A Board has a fiduciary responsibility to safeguard the assets of the organization and its subsidiaries

- ▶ Formally approves large transactions and initiatives
- ▶ Formally approves an annual budget
- ▶ Overseeing risk management and ensure proper coverage
- ▶ Sound systems of internal controls
- ▶ Adopts Wholesale Power Rate and Operations Plan, annually

Board representation on subsidiary or partner boards and committees (ex, city council, borough assembly):

- ▶ Each Board member must account for the “different hats” each wears depending on other roles
- ▶ Exercise reasonable judgement in navigating differing roles

Board Roles and Responsibilities

- ▶ Establish the strategic FRAMEWORK for SEAPA
- ▶ Set the DIRECTION of the organization
- ▶ Ensure ACCOUNTABILITY
- ▶ Provide GOODWILL and SUPPORT for the organization
- ▶ Confidentiality outside the board room – a key part of fiduciary obligation of all Board Members

Board's Role – Cont.

Evaluate management performance through CEO

- ▶ Fulfills board oversight/fiduciary responsibilities
- ▶ Avoiding micromanaging and allow CEO to execute Board vision

Board sets the vision and strategic direction of the organization at the highest level

- ▶ Management implements the board's strategy

Fiduciary duty to protect and safeguard the organization's assets and investments – e.g. Financial Policies

Role of Agency Alternates

- ▶ Alternates are appointed in same manner as Directors, See Bylaws Section 1.2
- ▶ Alternates are Eligible to Serve as Officers of the Agency – See Bylaws Section 4.2
- ▶ Alternates cannot make or vote on motions or second any motion made – Per Board Motion 13-194, March 5-6, 2013
- ▶ Alternates are encouraged to participate in all discussions regarding motions

Effective Boards Focus on Outcomes & Priorities

BOARD – GOVERNS (GUIDES/DIRECTS)	EXECUTIVE – MANAGES (ADMINISTERS/OPERATES)
Decides what	Decides how
Requests information	Seeks and provides information
Considers issues	Provides recommendations
Creates, reviews, adopts policy	Recommends and implements policy
Approves and reviews plans	Implements plans
Monitors progress	Reports progress
Supervises and evaluates CEO	Supervises and evaluates personnel
Approves and reviews budget	Formulates budget

Key Agreements – PSA

Long Term Power Sales Agreement (PSA)

- ▶ PSA Directs SEAPA To Sell All its Output to Member Utilities –
- ▶ Equally-Member Utilities Must Purchase all Energy and Capacity as Available
- ▶ Long Term Agreement for Sale of Output– 25 Years – February 19, 2034
 - ▶ Roughly At Time of Re-Licensing of Dams
 - ▶ Federal re-licensing is a lengthy, costly review
 - ▶ New licenses are 40 years
- ▶ PSA Provides Ability to Finance Projects – long term security

Key Agreements – More About PSA

PSA Obligates SEAPA to Deliver All Output to its Member Utilities

- ▶ All Output from Swan Lake, in the first instance, is dedicated to serving the Firm Power Requirements of Ketchikan (See Section 1 (f)(i))
- ▶ All Output from Tye Lake, in the first instance, is dedicated to serving the Firm Power Requirements of the Interconnected Utilities (Petersburg and Wrangell (See Section 1 (f)(ii)).

Dedicated and Additional Dedicated Power

- ▶ The Member Utilities Have “Direct Financial Interest” in Maximizing Sales from all Agency Facilities – Section 3(C), PSA
- ▶ Measured through a “look back” true-up – 6(d)
- ▶ SEAPA Dedicated Power Comes After Pre-existing Projects
 - ▶ Ketchikan Lakes (FERC 420) and Beaver Falls (FERC No. 1922) – Ketchikan Takes First
 - ▶ Crystal Lake Hydroelectric Project (FERC No. 201) – Petersburg Takes First
 - ▶ Then SEAPA Facilities – Including Output Resulting from Swan Lake Dam Raise

Key Agreements – More About PSA

- ▶ Additional Dedicated Output
 - ▶ To the extent any SEAPA Facility has excess output – from Firm Power Requirements, SEAPA Shall Make it Available for Purchase by Member Utilities,
 - ▶ Sold at the Wholesale Power Rate
 - ▶ Result: mainly allocates Excess out of Tyee
 - ▶ What Happens if You Run out of Water – See 2019!!
 - ▶ Ex. Curtailment curves
- ▶ Interconnected Utilities
 - ▶ “Interconnected Utilities” is historic reference to Petersburg and Wrangell leftover from the initial PSA of the Four Dam Pool Power Agency
 - ▶ PSA Does Not Allocate Output From Tyee between PSG/WRG

Key Agreements – Bylaws

Bylaws

- ▶ Sets Board Decision Making Process and Conduct of Board and Directors
- ▶ Adopts Open Meeting Act – Governs Meetings and Notice
- ▶ SEAPA's Bylaws Provide Road Map for Key Board Decisions
 - ▶ Key Decisions Require Unanimous Vote of All Board Members (Bylaw Section 2.11)

Unanimous Vote

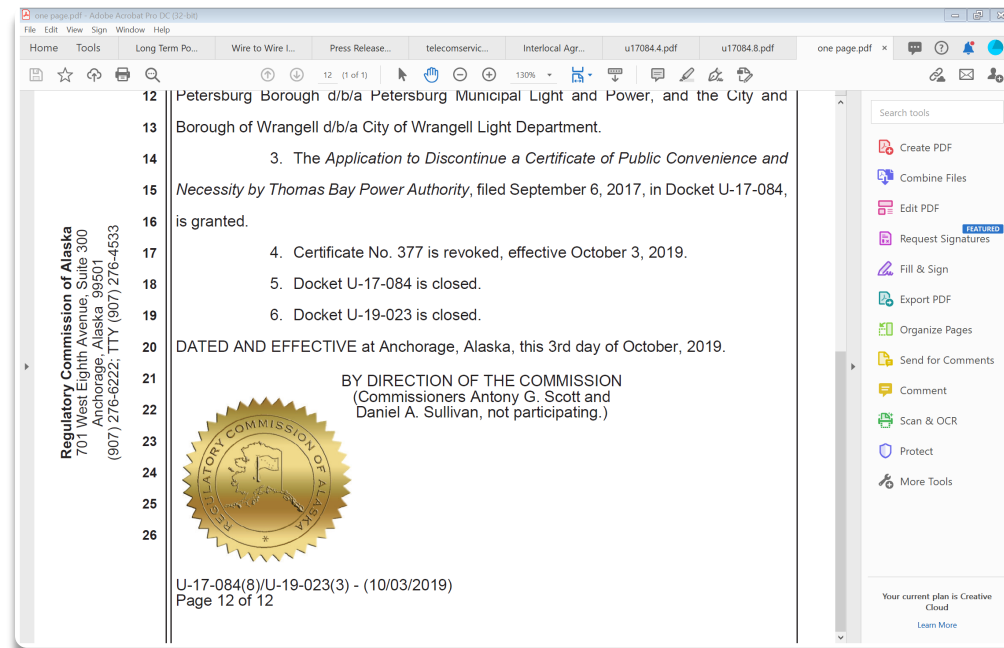
- ▶ Changes to the JAA and Bylaws – JAA changes also require approval by each Member Utility
- ▶ Changes to the PSA Including Waiver of Firm Power Obligations
- ▶ Adding Qualifying Members
- ▶ Withdrawal of Member Utilities

Bylaws – 80% Majority

- ▶ Developing New Hydro or Transmission Lines
- ▶ Adopting Annual Operations Plan
- ▶ Sale of Surplus Power

Certificate of Public Convenience

- ▶ SEAPA Was Exempt from RCA Registration
 - ▶ JAA Statutes Exempted SEAPA During the Time Original Debt Outstanding AS 42.05.711(O)
 - ▶ In Recent RCA Filings SEAPA has agreed to file a CPCN, but will not be subject to rate regulation
 - ▶ Final Order Grants CPCN – approves of Management of Facilities



End

- ▶ Questions:
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