

Southeast Alaska Power Agency Regular Meeting Minutes

Location: Held Electronically¹

Date: September 9, 2021

Time: 9:00 a.m. AKDT

Agenda Items

1) Call to Order

A. Roll Call.

Chairperson Sivertsen called the regular meeting to order at 9:00 a.m. AKDT on September 9, 2021. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present Electronically (E) In Person (IP)	Alternates	Present Electronically (E) In Person (IP)	Representing	Community
Bob Sivertsen	E	Doug Ward	E	Swan Lake	Ketchikan
Karl Amylon		Jeremy Bynum	E	Swan Lake	Ketchikan
Cliff Skillings	E	Dick Coose		Swan Lake	Ketchikan
Stephen Prysunka	E	Mike Ottesen		Tyee Lake	Wrangell
Bob Lynn		Karl Hagerman	E	Tyee Lake	Petersburg

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

Staff	Present Electronically (E) In Person (IP)	Staff/Counsel	Present Electronically (E) In Person (IP)
Trey Acteson, CEO	E	Joel Paisner, SEAPA Counsel	E
Clay Hammer, Operations Mgr.	E	Kay Key, Controller	E
Ed Schofield, Power Sys. Sp.	E	Sharon Thompson, EA/CA	E
Robert Siedman, DE/TS	E	Marcy Hornecker, Admin. Asst.	E

B. *Communications/Lay on the Table Items* - The Chair announced that Joy Merriner of BDO will be joining the meeting at 10 a.m. to discuss the audited financial statements.

C. *Disclosure of Conflicts of Interest* - None

2) Approval of the Agenda

Chairperson Sivertsen requested a motion to amend the Agenda to add Item 7K to New Business to appoint a Secretary-Treasurer in Mr. Amylon's absence.

> Motion	M/S (Prysunka/Bynum) to amend the Agenda to add Item 7K to New Business for appointment of a Secretary-Treasurer in Mr. Amylon's absence. The motion was approved unanimously by polled vote.	✓ Action 21-892
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¹ The meeting was held electronically via Zoom due to recommendations from the Center for Disease Control and its social distancing guidelines. An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org



The Chair requested a motion to approve the Agenda, as amended.

➤ Motion	M/S (Hagerman/Bynum) to approve the agenda, as amended. The motion was approved unanimously by polled vote'.	✓ Action 21-893
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3) **Persons to be Heard - None.**

4) **Review and Approve Minutes**

The Chair requested a motion to amend the minutes of May 13, 2021 to correct a sentence regarding the wholesale power rate.

➤ Motion	M/S (Hagerman/Bynum) to amend the minutes of May 13, 2021 to change the third sentence in Old Business Item 6.B. regarding the wholesale power rate from: "He advised that the Agency could then consider a one-quarter percent increase" to "He advised that the Agency could then consider a one-quarter cent per kilowatt hour increase". The motion was approved unanimously by polled vote.	✓ Action 21-894
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The Chair requested a motion to approve the Minutes of May 13, 2021, as amended.

➤ Motion	M/S (Hagerman/Prysunka) to approve the minutes of May 13, 2021, as amended. The motion was approved unanimously by polled vote.	✓ Action 21-895
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5) **Financial Reports**

Mr. Acteson reported that SEAPA's financial position was currently stable and explained how in spite of abundant rain, SEAPA sales can actually decrease because Ketchikan and Petersburg can use their own legacy assets to provide power prior to purchasing from SEAPA. He discussed the Agency's revenue and expenses, renewal and replacement projects, submarine cable capital funding, grants, and announced that Joy Merriner would be calling in to update the board on BDO's recent financial audit. He noted that clean audits have been key components of the Agency's success matrix.

The Chair requested a motion on the financial statements.

➤ Motion	M/S (Hagerman/Prysunka) to accept year-to-date financial statements through July 2021 and disbursements for May, June, and July 2021 totaling \$7,250,737.35, as presented. Following discussion on the financial statements presented in the board packet, the motion was approved unanimously by polled vote.	✓ Action 21-896
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Joy Merriner and Travis Werba of BDO USA, joined the meeting telephonically to present the audited financial statements for the year ended December 31, 2020.

The Chair requested a motion on the audited financial statements.

➤ Motion	M/S (Prysunka/Bynum) to accept the Audited Financial Statements of the Southeast Alaska Power Agency for the year ended December 31, 2020, as presented in the September 9, 2021 board meeting.	✓ Action 21-897
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Ms. Merriner, BDO's Assurance Partner, introduced Travis Werba of BDO. Mr. Werba and Ms. Merriner presented a summary of the Agency's audited financial statements and responded to director's questions and comments. They reported a clean audit with no areas of concern. A recommendation was that the Agency institute an annual inventory



plan or policy and keep an inventory log. Mr. Acteson thanked Ms. Merriner and her team and recognized the Agency's Controller, Kay Key, for her hard work resulting in continuous successful audits.

A vote was taken and unanimously approved on the motion to accept the Audited Financial Statements for the period ending December 31, 2020 as presented.

The meeting recessed at 11:00 a.m. and resumed at 11:19 a.m.

6) Old Business

A. *SEAPA 3rd Quarter Update Re Operations Plan*

Mr. Siedman reported that a snow survey performed at both Tyee and Swan indicated 200% above-average snow pack that has more potential water in the form of snow than either lake can hold, and that both lakes are full and have been spilling throughout July and August. He presented charts demonstrating current lake levels at both plants and fielded director questions and comments.

B. *Update Re Wholesale Power Rate*

Mr. Acteson provided supporting information for potential one-quarter cent per kWh incremental rate increases to the wholesale power rate to cover the addition of \$785,000/year new debt service due to the failed submarine cable, increased vegetation clearing, and general inflationary impacts that will eventually be fixed costs. Mr. Acteson advised that he'll bring information to the board at the December 2021 board meeting to decide whether to consider a rate increase at that meeting or a schedule of rate increases over the next several years.

C. *Discussion Re Second Revision to iPad Policy*

The Board reached a consensus that a second revision to the iPad Policy will not be necessary.

7) New Business

A. *Consideration and Approval of Amendment No. 3 to SEAPA Lease Agreement with Ketchikan Gateway Borough*

> Motion	M/S (Hagerman/Prysunka) to authorize SEAPA's CEO to enter into Amendment No. 3 to the Lease Agreement between SEAPA and the Ketchikan Gateway Borough (KGB) provided in the September 9, 2021 board packet for the lease of SEAPA's offices in the KGB Building on a month-to-month basis from January 16, 2022 through January 15, 2023 under the terms set forth in Amendment No. 3. Mr. Bynum acknowledged that he has a conflict and recused himself from voting on the motion since he is a member of the KGB Assembly. The motion was passed unanimously by the remaining four board members.	✓ Action 21-898
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B. *Consideration and Approval of Resolution #2021-079 Re First Amendment to Document Retention Policy*

> Motion	M/S (Hagerman/Prysunka) to approve Resolution No. 2021-079 adopting the First Amendment to the Document Retention Policy as presented in the September 9, 2021 board packet. The motion passed unanimously by polled vote.	✓ Action 21-899
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The meeting recessed at 11:52 a.m. for lunch and resumed at 1:00 p.m.

A roll call was taken and the same directors present at the start of the meeting were present following the lunch break.



C. *Consideration and Approval of Resolution #2021-080 adopting a Vegetation Management Plan*

➤ Motion	M/S (Bynum/Hagerman) to approve Resolution No. 2021-080 Adopting a Vegetation Management Plan as presented in the September 9, 2021 board packet. Following considerable discussion, the motion was approved unanimously by polled vote.	✓ Action 21-900
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D. *Consideration and Approval of Resolution #2021-081 adopting a Communications Plan*

➤ Motion	M/S (Bynum/Hagerman) to approve Resolution No. 2021-081 Adopting a Communications Plan as presented in the September 9, 2021 board packet. Following discussion the motion was unanimously approved by polled vote.	✓ Action 21-901
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E. *Consideration and Approval of SEAPA 2022 Administrative Employee Group Benefits*

➤ Motion	M/S (Bynum/Hagerman) to renew the NRECA 2022 Employee Group Benefit Plans and Administrative Employee Benefits as presented. Following discussion, the motion was approved unanimously by polled vote.	✓ Action 21-902
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F. *Consideration and Approval of R&R Projects/Budget Increase*

➤ Motion	M/S (Prysunka/Hagerman) to approve R&R projects Potential Transformer Tye Lake and Transformer Circuit Switcher Wrangell Substation as presented in the September 9, 2021 board packet, and an increase to the FY2021 R&R Budget of \$16,600. The motion was approved unanimously by polled vote.	✓ Action 21-903
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G. *Consideration and Approval of Sole Source to Southern States for Wrangell Substation Transformer Circuit Switcher Equipment*

➤ Motion	M/S (Hagerman/Prysunka) to authorize staff to enter into a sole source purchase order with Southern States, LLC for SEAPA's Wrangell Substation Transformer Circuit Switcher R&R Project for a total not-to-exceed value of \$261,244. The motion was approved unanimously by polled vote.	✓ Action 21-904
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H. *Discussion Re Demand Side Management*

Mr. Acteson explained that SEAPA's Strategic Plan requires staff to propose Demand Side Management (DSM) options to the board to offset new generation. He sought direction from the board as to SEAPA's deliverable since DSM is typically addressed through distribution entities. It was determined that the member utilities will communicate with SEAPA if DSM needs to be addressed in the future and partner with SEAPA to define a specific target or goals that SEAPA would like the utilities to achieve to manage energy demands and offset new generation.

I. *Review and Discuss CEO Evaluation Form and Schedule*

Mr. Paisner explained how the Agency developed the CEO evaluation form and process. The board reviewed and discussed the evaluation form and process and determined there will be no changes.

J. *Executive Session Re Hydrosite Analysis Update, Metlakatla Interconnection, and Kake-Petersburg Intertie.*



➤ **Motion**

M/S (Hagerman/Prysunka) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions relating to Hydrosite Analysis and potential interconnections to Metlakatla and Kake as the discussions will include matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency and the Projects. The motion was approved unanimously by polled vote.

✓ Action
21-905

The meeting recessed at 2:51 p.m. for the executive session and reconvened into regular session at 4:07 p.m.

The Chair announced that there is no action to be taken following the board's discussions in executive session.

K. *Nominations for SEAPA Secretary-Treasurer Position*

The Chair requested nominations for the Agency's vacant Secretary-Treasurer position. Mr. Skillings nominated Jeremy Bynum for the position. No other nominations were made.

➤ **Motion**

M/S (Prysunka/Skillings) to appoint Jeremy Bynum as SEAPA's Secretary-Treasurer. The motion was approved unanimously by polled vote.

✓ Action
21-906

8) **CEO Report**

Mr. Acteson provided brief updates on Covid-19, Governmental Affairs and External Industry Activities, the State DNR's Reclamation Fund, and Insurance-related topics. He reported that staff is pursuing funding for SkyWrap, a mechanically wrapped fiber on transmission lines to alleviate communication issues in the SEAPA system. He noted that SkyWrap could be a potential Capital Project Submission and Information System (CAPSIS) project and will keep the board updated. He also discussed SEAPA's 4R Plan and the Agency's Strategic Plan deliverables.

9) **Staff Reports**

Staff reports were very brief due to time constraints. A board member requested that staff reports be heard at the beginning of the Agency's December 10th regular board meeting rather than later in the Agenda.

A. *Director of Engineering and Technical Services (Siedman)*

Mr. Siedman provided highlights of SEAPA's Swan-Bailey transformer refurbishment, Swan Lake station service switchgear, the Stikine submarine cable replacement, and other projects noted in his report provided in the board packet. No comments or questions followed.

B. *Operation's Manager Report (Hammer)*

Mr. Hammer briefly discussed a GoPro transmission line survey that had been performed and noted updates on his ongoing projects are provided in his report provided in the board packet. No questions followed.

C. *Power System Specialist Report (Schofield)*

Mr. Schofield discussed SEAPA's MAPCON Program in place at the plants, FERC activities, progress of the design of SEAPA's headquarters, and the Tye Lake Intake Gate HPU Reconditioning Project. Mr. Schofield fielded questions relating to the construction of SEAPA's headquarters.

10) **Next Meeting Dates**

The Chair noted the next regular board meeting is scheduled for December 10, 2021 in Ketchikan, and that there may be a special board meeting to discuss the CEO's annual evaluation prior to the regular board meeting. It was



determined that unless Covid-19 circumstances dictate otherwise, the December 10th regular meeting of the Board of Directors will be held in person.

11) Director Comments

Directors exchanged brief comments.

12) Adjourn

The Chair requested a motion to adjourn.

> Motion	M/S (Prysunka/Hagerman) to adjourn the meeting. There were no objections to the motion.	✓ Action 21-907
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The meeting adjourned at 5:15 p.m.

Signed:

Attest:

Secretary/Treasurer


Chairperson



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12) Adjourn

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Signed:

Attest:



Secretary/Treasurer

Chairperson

