

Southeast Alaska Power Agency Regular Meeting Minutes

Location: Held Electronically¹

Date: December 10, 2021

Time: 8:00 a.m. AKST

Agenda Items

1) Call to Order

A. Roll Call.

Chairperson Sivertsen called the regular meeting to order at 8:00 a.m. AKST on December 10, 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
*		Jeremy Bynum	E	Swan Lake	Ketchikan
Cliff Skillings	E	Dick Coose	E	Swan Lake	Ketchikan
Stephen Prysunka	E	Mike Ottesen		Tyee Lake	Wrangell
Bob Lynn	E	Karl Hagerman	E	Tyee Lake	Petersburg

*Director Alternate, Jeremy Bynum, served as a Voting Director in place of the late Director, Mr. Karl Amylon

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 the following lay on the table items:

- Article Re SEAPA CEO Presents APA Awards
- CEO Report
- SEAPA 4R Plan & Suggested Motion
- RR21363 Storm Damage
- Segrity Assignment

C. *Disclosure of Conflicts of Interest* - Mr. Acteson disclosed a conflict with a SEAPA employee and SEAPA's Safety Training Contract vendor.

2) Approval of the Agenda

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/board-members#minutes

Chairperson Sivertsen requested a motion to amend the Agenda to add Item 8J to consider approval of the assignment of a Segrity LLC sole-source contract to Basler Services, LLC.

➤ Motion	M/S (Prysunka/Lynn) to approve the Agenda, as amended, to add Item 8J to New Business for consideration and approval of assignment of a Segrity LLC sole-source contract. After hearing no objections to the motion, the Chair accepted the motion as approved.	✓ Action 21-915
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3) Persons to be Heard

- A. Tor Benson, a Petersburg citizen, voiced several comments.
- B. Mike Rovito, Deputy Director of the Alaska Power Association (APA) provided information on the APA and an update of its activities.

4) Review and Approve Minutes

The Chair requested a motion to approve the minutes of September 9, 2021.

➤ Motion	M/S (Prysunka/Lynn) to approve the minutes of the regular meeting of September 9, 2021. The motion was approved unanimously by polled vote.	✓ Action 21-916
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The Chair requested a motion to approve the Minutes of September 17, 2021.

➤ Motion	M/S (Bynum/Lynn) to approve the minutes of the special meeting of September 17, 2021. The motion was approved unanimously by polled vote.	✓ Action 21-917
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The Chair requested a motion to approve the Minutes of October 6, 2021.

➤ Motion	M/S (Prysunka/Lynn) to approve the minutes of the special meeting of October 6, 2021. The motion was approved unanimously by polled vote.	✓ Action 21-918
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5) Staff Reports

The Chair announced that staff reports will be heard prior to the end of the meeting if time allows.

6) CEO Report

Mr. Acteson provided updates on the impact of Covid-19 on SEAPA's workforce, governmental affairs, and external industry activities, SEAPA's 4R and Strategic Plans, and the challenges facing the Agency in trying to fill three vacant positions, and the cost of labor. He fielded questions and comments from directors.

7) Financial Reports

Mr. Acteson provided highlights of the Agency's financial position, revenues and expenses, renewal and replacement projects, grants, insurance claims, and discussed the submarine cable bond proceeds. He discussed the necessity of implementing small incremental increases in revenue and noted the Agency had not had an increase in over 23 years. He reported the reservoirs are full and that good snow pack will help sales deep into the spring.

The Chair requested a motion on the financial statements.



➤ Motion	M/S (Lynn/Bynum) to accept the year-to-date financial statements through October 2021, to approve RR21362 Storm Transmission Repair Swan Lake in the amount of \$28,400, to approve RR21363 Storm Transmission Repair Wrangell in the amount of \$60,000, and to accept disbursements for August, September, October, and November totaling \$10,072,060.62, as presented.	✓ Action 21-919
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Mr. Acteson reviewed the Agency's finances and discussed sales and fund allocations, the DCCED grant, YTD financial overview, and R&R capital expenditures. He noted that August through November 2021 disbursements were available for review in the board packet.

A vote was taken on the financial motion and unanimously approved.

The meeting recessed at 9:44 a.m. and resumed at 10:00 a.m.

A brief roll call was taken to assure all attendees were available electronically following the recess. The Chair noted discussion on New Business Items A (Executive Session) and B (action items following the Executive Session) need to be deferred pending availability of SEAPA's counsel, and other agenda items would need to be adjusted due to the change.

➤ Motion	M/S (Bynum/Lynn) to postpone discussion on New Business Items 8A and 8B until 1:00 p.m. The motion was approved unanimously by polled vote.	✓ Action 21-920
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➤ Motion	M/S (Bynum/Lynn) to move Agenda Item 5, Staff Reports, to be heard following New Business Agenda Item 8G, 4R Plan. The motion was approved unanimously by polled vote.	✓ Action 21-921
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8) New Business

C. Consideration and Approval of FY2022 Safety Training Contract

New Business Items A and B having been postponed by motion, the Chair requested a motion on New Business Item C regarding SEAPA's Safety Program Support Services and Training Contract.

➤ Motion	M/S (Lynn/Bynum) to authorize staff to enter into a sole-source contract amendment to SEAPA's Task Order No. 20055 for SEAPA's 2022 Swan Lake and Tyee Lake Safety Program Support Services and Training, with TSS, Inc. for the not-to-exceed value of \$40,000. The motion was approved unanimously by polled vote.	✓ Action 21-922
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D. Consideration and Approval of Air Carrier Contract

➤ Motion	M/S (Lynn/Prysunka) to authorize staff to enter into an amendment to the sole source Air Carrier Contract executed between Sunrise Aviation, Inc. and SEAPA on February 18, 2021, for fixed wing flight services at the special rate of \$550 for each contracted, scheduled, completed flight between Wrangell and the Tyee Hydroelectric facility and regular rate of \$600 per flight for all other flights, effective as of January 1, 2022. The motion was approved unanimously by polled vote.	✓ Action 21-923
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E. *Consideration and Approval of Resolution #2021-082 (Inventory Policy)*

➤ <i>Motion</i>	M/S (Lynn/Prysunka) to approve Resolution #2021-082, adopting an Inventory Policy establishing a process for the identification, recording, and accountability of materials and equipment purchased and held as Inventory Items by SEAPA. The motion was approved unanimously by polled vote.	✓ Action 21-924
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F. *Consideration and Approval of FY2022 Operations Plan*

➤ <i>Motion</i>	M/S (Lynn/Skillings) to approve the 2022 SEAPA Operations Plan as presented in the December 10, 2021 Board packet. Following a presentation of the Operations Plan by Mr. Siedman proposing that Swan Lake's 2022 draft limit be approved at 280ft. and Tyee's at 1260ft., and considerable board discussion, the motion was approved unanimously by polled vote.	✓ Action 21-925
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The meeting recessed at 11:25 a.m. and reconvened at 11:35 a.m.

A brief roll call was taken to assure all attendees were available electronically following the recess.

G. *4R Plan Presentation by John Heberling*

Mr. Acteson introduced John Heberling to present SEAPA's Renewal & Replacement and Risk Reserve (4R) Plan and a motion was requested by the Chair.

➤ <i>Motion</i>	M/S (Lynn/Bynum) to approve the Southeast Alaska Power Agency's December 3, 2021 Renewal & Replacement and Risk Reserve Plan as presented at the December 10, 2021 SEAPA Regular Board Meeting. Following Mr. Heberling's presentation of the plan and considerable board discussion, the motion was approved unanimously by polled vote.	✓ Action 21-926
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5) Staff Reports

Agenda Item 5 (Staff Reports) having been moved earlier in the meeting by motion to be heard following New Business Item 8G, staff reported as follows:

A. *Power System Specialist (Schofield)*

Mr. Schofield summarized his report topics noting an update on the Tyee operation and maintenance manual is complete and provided highlights of MAPCON activities at both plants, the SEAPA Headquarters Project, Swan Lake FERC activities, and general plant operations.

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

Mr. Siedman reviewed an executive summary showing a list of 2021 renewal and replacement (R&R) projects that demonstrated engineering's execution of 100% completion of all but two of the ten projects, which realized a savings of \$2.88M due to staff's efforts in mitigating the \$15.3M cost of the projects. He provided brief updates on each of the R&R projects and fielded questions from directors.

C. *Operations Manager (Hammer)*

Mr. Hammer reported on a Substation and Switchyard Lighting Project, brushing work, and discussed a landslide that occurred near the Wrangell Transmission Line. He reported that a valve project at the Tyee Plant was completed and provided an update on the Cleveland Peninsula Helipad Project. He closed his report advising that a spare



submarine cable and two containers of spare parts had been received and commended Mr. Siedman's organizational plan for the placement of the inventory within the 40' containers.

The Chair noted the agenda would move to New Business Items A and B that had been postponed earlier by motion during the meeting.

8) New Business

A. *Executive Session*

The Chair requested a motion to move into an executive session.

➤ <i>Motion</i>	M/S (Skillings/Bynum) 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, engineer's estimate for a proposed project, potential interconnection, employees' performances, and evaluation of an Agency employee, as these discussions will include matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency and the Projects and which discussions may involve subjects that tend to prejudice the reputation and character of a person. The motion was approved unanimously by polled vote.	✓ Action 21-927
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The meeting recessed at 1:05 p.m. for the executive session and resumed at 5:26 p.m. for the regular session.

The Chair announced that during the executive session direction was given and the various items provided in the motion were discussed with no action taken. He directed that the meeting will move to New Business Agenda Item 8B.

B. *Reserved for any action(s) to be taken following Executive Session discussions*

➤ <i>Motion</i>	M/S (Bynum/Skillings) to adopt Resolution No. 2021-083 adopting a Policy regarding the CEO Evaluation Process and Evaluation form attached to the Resolution. The motion was approved unanimously by polled vote.	✓ Action 21-928
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New Business Items A - G having already been heard, the meeting moved to New Business Item 8H.

H. *Presentation, Consideration and Approval of FY2022 SEAPA Budget*

The Chair requested a motion for SEAPA's Fiscal Year 2022 budget:

➤ <i>Motion</i>	M/S (Lynn/Bynum) to adopt the Southeast Alaska Power Agency budget for fiscal year 2022, comprised of:			Action 21-929
	1)	the 2022 Revenue Budget of:	\$ 12,368,003	
	2)	and the 2022 Operating Expense Budget of:	\$ 7,608,630	
	3)	and the 2022 Nonoperating Revenue Budget of:	\$ 825,665	
	4)	and the 2022 Nonoperating Expense, Liabilities and Feasibility Budget of: which includes debt service and a levelized contribution to R&R Fund Reserves of:	\$ 5,575,543	
	5)	and approved projects in the 2022 Renewal & Replacement Capital Budget of: as presented at the December 10, 2021, SEAPA Board Meeting.	\$ 4,266,283	



Mr. Acteson reported that SEAPA's Fiscal Year 2022 Draft Budget is based on a one-quarter of a cent (or \$.0025/kWh) increase to the wholesale power rate beginning on January 1, 2022. He reviewed the FY2022 projections on Operating Revenue as compared to FY2021 and discussed the highlights of each FERC code presented in the draft budget while fielding director questions and comments. Following a review of FERC Code 920, Mr. Acteson recommended that the board amend the total amount of FERC Code 920 to increase it by 5% to address staff wage adjustments for progression through their wage structure, inflation, and the cost of living.

> Motion	M/S (Bynum/Prysunka) to increase FERC Code 920 in the FY2022 Operating Budget by 5%, or \$92,800, to accommodate for cost-of-living and other costs. The motion was approved unanimously by polled vote.	✓ Action 21-930
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Mr. Acteson continued with highlights of the remainder of the operating expense budget and discussed the nonoperating revenue, nonoperating expense, liabilities and feasibility, and renewal and replacement (R&R) capital budgets. He noted that the Fund Balance Forecast chart provided to directors shows the \$5 million submarine cable insurance proceeds will be deposited in the self-insured risk fund bringing the fund total to \$13,349,382.

The Chair requested a vote on the motion adopting SEAPA's FY2022 Budget, as amended, which amendment includes an increase of 5%, or \$92,800, to FERC Code 920 in the Operating Budget for cost-of-living and other costs, which brings FERC Code 920 to a total of \$1,948,800. There was no further discussion, and following a vote, the motion was passed unanimously.

I. *Wholesale Power Rate*

> Motion	M/S (Lynn/Prysunka) to approve setting SEAPA's wholesale power rate at 7.05 cents per kWh for January 1, 2022 through December 31, 2022. The motion was unanimously passed by polled vote.	✓ Action 21-931
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J. *Consideration and Approval of Segrity Assignment of Sole-Sourced Contract*

> Motion	M/S (Lynn/Bynum) to authorize SEAPA staff to enter into a Consent to Assignment of Contract as presented at the December 10, 2021 board meeting to assign Segrity, LLC's sole-source contract to Basler Services, LLC for completion of the programming/engineering, testing, and commissioning services for SEAPA's STCS-HMI-Historian Modernization Project (R&R13331). The motion was passed unanimously by polled vote.	✓ Action 21-932
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9) Next Meeting Dates

The Chair reported the next regular board meeting is scheduled for February 28 & March 1, 2022 in Wrangell unless Covid circumstances preclude an in-person meeting. He also noted other dates set out in 2022 in the board packet for the remainder of SEAPA's 2022 meetings.

10) Director Comments

Directors exchanged brief comments. Staff also commented expressing thanks to the board for their service and exchanged holiday best wishes.



11) Adjourn

The Chair requested a motion to adjourn.

> Motion	M/S (Bynum/Prysunka) to adjourn the meeting. After no objections were heard, the Chair declared the meeting adjourned.	✓ Action 21-933
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The meeting adjourned at 7:04 p.m.

Signed:

Attest:

Abby Bradberry

Secretary/Treasurer

Bob J. [Signature]

Chairperson