

# Southeast Alaska Power Agency Regular Meeting Minutes

Location: Ketchikan, Alaska

Date: December 8, 2022

Time: 9:00 a.m. AKST

## Agenda Items

### 1) Call to Order

#### A. Roll Call.

The Chair called the regular meeting to order at 9:00 a.m. AKST on December 8, 2022. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present Telephonically (T) In Person (IP)	Alternates	Present Telephonically (T) In Person (IP)	Representing	Community
Bob Sivertsen	IP	Andy Donato	IP	Swan Lake	Ketchikan
Abby Bradberry	T <sup>1</sup>	Janalee Gage		Swan Lake	Ketchikan
Steve Prysunka		Mason Villarma		Tyee Lake	Wrangell
Steve Henson	IP	Mark Walker		Tyee Lake	Wrangell
Bob Lynn	IP	Karl Hagerman	IP	Tyee Lake	Petersburg

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

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

#### B. Communications/Lay on the Table Items

- i. SEAPA 2022 Rate Study
- ii. Fund Balance Forecast

#### C. Disclosure of Conflicts of Interest - None

### 2) Approval of the Agenda

➤ Motion	M/S (Lynn/Henson) to approve the Agenda. The motion was approved unanimously by polled vote.	✓ Action 22-998
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### 3) Persons to be Heard - None.

### 4) Review and Approve Minutes

#### A. September 22, 2022 Minutes of Regular Meeting.

<sup>1</sup> Ms. Bradberry joined the meeting telephonically at approximately 1 pm.



➤ Motion	M/S (Lynn/Henson) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws and Alaska Statute 44.62.310 for discussions related to SEAPA's union contract negotiations as the discussions may involve matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board. The motion was approved unanimously by polled vote.	✓ Action 22- 1004
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➤ Motion	M/S (Lynn/Henson) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws and Alaska Statute 44,62.310 for discussions with the Agency's attorney present related to hydrosite investigations, the immediate knowledge of which could have an adverse effect on the legal position of the Agency, and further move to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws and Alaska Statute 44,62.310 for discussions related to a subject that could prejudice the reputation and character of any person, provided that the persons may request a public discussion. The motion was approved unanimously by polled vote.	✓ Action 22- 1005
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The meeting recessed at 9:40 a.m. for the executive session, and resumed at 1:00 p.m. into regular session.

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

The Chair requested motions on subjects discussed during the executive session:

➤ Motion	M/S (Lynn/Henson) to approve Resolution No. 2022-088 approving the Collective Bargaining Agreement between SEAPA and the International Brotherhood of Electrical Workers Local 1547 effective from July 1, 2022 through December 31, 2025, and authorize SEAPA's Chief Executive Officer and Chairperson to execute the Agreement. The motion was approved unanimously by polled vote.	✓ Action 22- 1006
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➤ Motion	M/S (Lynn/Henson) to approve Resolution No. 2022-089 appointing Robert Siedman who currently serves as Director of Engineering and Technical Services for SEAPA, as the Acting Chief Executive Officer of SEAPA and providing Agency authorizations. The motion was approved unanimously by polled vote.	✓ Action 22- 1007
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➤ Motion	M/S (Lynn/Henson) to authorize SEAPA's Chairperson to negotiate a contract between SEAPA and Robert Siedman for the position of Acting Chief Executive Officer under the terms and conditions discussed between Mr. Siedman and SEAPA's Board of Directors, and to execute such contract so long as consistent with such discussions. The motion was approved unanimously by polled vote.	✓ Action 22- 1008
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C. *John Heberling Update Re Wholesale Power Rate Study*

Mr. Acteson introduced Consultant, John Heberling, who joined the meeting telephonically to present an update on SEAPA's 2022 Rate Study, provided as a lay on the table item for the meeting. Mr. Heberling provided a brief history of his work with the Agency. He reviewed SEAPA's actual 2019-2021 revenues and 2022-2026 projected and additional revenue requirements, explaining how he arrived at the forecasted projections. He discussed how the Agency's expenses, bonding obligations, debt service, general inflation, cost escalations, interest earnings, energy sales increases, etc. factored into the projections, and fielded questions from directors.



➤ Motion	M/S (Lynn/Henson) to approve the Minutes of the regular meeting of September 22, 2022. The motion was approved unanimously by polled vote.	✓ Action 22-999
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B. *November 2, 2022 Minutes of Special Meeting*

➤ Motion	M/S (Lynn/Henson) to approve the Minutes of the special meeting of November 2, 2022. The motion was approved unanimously by polled vote.	✓ Action 22-1000
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C. *November 17, 2022 Minutes of Special Meeting*

➤ Motion	M/S (Lynn/Henson) to approve the Minutes of the special meeting of November 17, 2022. The motion was approved unanimously by polled vote.	✓ Action 22-1001
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**5) Staff Reports**

Staff reports were provided in the board packet. The Chair announced reports will not be presented by staff due to time constraints.

**6) CEO Report**

Mr. Acteson noted that this is his final CEO Report for the Agency due to his announced retirement. He covered highlights of the organization's achievements since his tenure with the Agency. He provided brief updates on safety, federal/state funding opportunities, IBEW contract negotiations, Wrangell warehouse remediation project and insurance reimbursement, wholesale power rate study, regional load forecast, interruptible load opportunities, and personnel recruitment efforts.

**7) Financial Reports**

Mr. Acteson reported SEAPA's financial condition is stable, and reviewed revenue and expenses, R&R expenditures, and provided an update on SEAPA's marketing of renewable energy certificates. The Chair requested a motion on the financial statements.

➤ Motion	M/S (Lynn/Henson) to accept year-to-date financial statements through October 2022, and disbursements for September, October, and November 2022 totaling \$3,841,310.01, as presented. Following Mr. Acteson's review of the financial reports presented in the board packet, the motion was approved unanimously by polled vote.	✓ Action 22-1002
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The Chair requested a motion to increase the FY2022 R&R budget to cover expenses related to an October 31 landslide in Petersburg that disrupted power to Petersburg and damaged one of SEAPA's power poles.

➤ Motion	M/S (Lynn/Henson) to approve RR22378 Transmission Repair-Landslide Petersburg in the amount of \$75,000 and to increase the FY2022 R&R Budget by the same amount. Following brief comments, the motion was approved unanimously by polled vote.	✓ Action 22-1003
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**8) New Business**

- A. *Executive Session re: Union Negotiations, Hydrosite Analysis, CEO's Retirement & Potential Interim CEO, and Employee Performances*



D. *Consideration of Wholesale Power Rate*

➤ <i>Motion</i>	M/S (Lynn/Henson) to approve setting SEAPA's wholesale power rate at 7.3 cents per kWh for the period January 1, 2023 through December 1, 2023. The motion was approved unanimously by polled vote.	✓ Action 22- 1009
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The Chair announced that New Business Item I (*Consideration of FY2023 Operations Plan*) will move forward under the Agenda to accommodate a director's availability telephonically for the discussion. He requested a motion on the 2023 Operations Plan.

➤ <i>Motion</i>	M/S (Lynn/Henson) to approve the 2023 SEAPA Operations Plan as presented in the December 8, 2022 Board packet. Following Mr. Siedman's review of the methodologies and models utilized in forecasting operations for 2023, and recommendation of a Swan Lake draft limit of 280ft and Tyee Lake draft limit of 1260ft, the motion was approved unanimously by polled vote.	✓ Action 22- 1010
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E. *Consideration of Sole Source Re Energy Sector Load Growth Study*

➤ <i>Motion</i>	M/S (Lynn/Henson) to authorize staff to enter into a sole source contract with RESPEC Company LLC to conduct an energy sector load growth study for \$82,000, plus a 20% contingency of \$16,400 for the not-to-exceed value of \$98,400. The motion was approved unanimously by polled vote.	✓ Action 22- 1011
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F. *Consideration of Award of Audit Services*

➤ <i>Motion</i>	M/S (Lynn/Henson) to authorize staff to engage with BDO USA, LLP for professional auditing services for the fiscal year 2022 with options to renew for FY2023 and FY2024. The motion was approved unanimously by polled vote.	✓ Action 22- 1012
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G. *Presentation and Consideration of FY2023 SEAPA Budget*

➤ <i>Motion</i>	M/S (Lynn/Henson) to adopt the Southeast Alaska Power Agency budget for fiscal year 2023, comprised of:  <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 5%;">1)</td><td style="width: 75%;">the 2023 Revenue Budget of:</td><td style="width: 20%; text-align: right;">\$ 13,120,541;</td></tr><tr><td>2)</td><td>and the 2023 Operating Expense Budget of:</td><td style="text-align: right;">\$ 8,121,870;</td></tr><tr><td>3)</td><td>and the 2023 Nonoperating Income Budget of:</td><td style="text-align: right;">\$ 339,768;</td></tr><tr><td>4)</td><td>and the 2023 Nonoperating Expense Budget of:</td><td style="text-align: right;">\$ 1,485,268;</td></tr><tr><td>5)</td><td>and the 2023 Liabilities, Inventory, and Feasibility Budget of:</td><td style="text-align: right;">\$ 1,396,877;</td></tr><tr><td>6)</td><td>and Contributions to Reserves and Fund Transfers of:</td><td style="text-align: right;">\$ 2,423,819;</td></tr><tr><td>7)</td><td>and approved projects in the 2023 Renewal and Replacement Capital Budget of:</td><td style="text-align: right;">\$ 6,112,979;</td></tr></table> as presented at the December 8, 2022 SEAPA Board Meeting.	1)	the 2023 Revenue Budget of:	\$ 13,120,541;	2)	and the 2023 Operating Expense Budget of:	\$ 8,121,870;	3)	and the 2023 Nonoperating Income Budget of:	\$ 339,768;	4)	and the 2023 Nonoperating Expense Budget of:	\$ 1,485,268;	5)	and the 2023 Liabilities, Inventory, and Feasibility Budget of:	\$ 1,396,877;	6)	and Contributions to Reserves and Fund Transfers of:	\$ 2,423,819;	7)	and approved projects in the 2023 Renewal and Replacement Capital Budget of:	\$ 6,112,979;	✓ Action 22- 1013
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Mr. Acteson reported that SEAPA's Fiscal Year 2023 budget is premised on a 7.3 cents/kWh wholesale power rate. He noted the forecasted 2023 kilowatt hours were based on prior year sales and provided brief highlights of the proposed operating revenue and expenses, and nonoperating income and expenses, and inventory, solar, and new generation integration feasibility projects.

The meeting recessed at 2:30 p.m. for a break and resumed at 2:51 p.m.



Mr. Acteson reviewed current and proposed R&R projects for the 2023 budget. He fielded questions and comments from directors. The Chair requested a vote on the motion to adopt the FY2023 budget. The motion was approved unanimously by polled vote.

H. *Consideration of Sole Source re SEAPA Office Furnishings*

<b>&gt; Motion</b>	M/S (Lynn/Henson) to authorize staff to enter into a sole source Contract with Staples Contract and Commercial LLC in the amount of \$98,508 for SEAPA Headquarters furnishings, shipping, and installation. The motion was approved unanimously by polled vote.	✓ Action 22- 1014
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9) **2023 Meeting Dates**

There were no objections to the 2023 meeting dates proposed in the December 8 board packet, other than noting that the proposed January 26 meeting may take longer than anticipated.

The Chair noted the meeting affords time for staff to provide brief highlights of their reports presented in the board packet under Agenda Item 5 - Staff Reports. Mr. Schofield, Mr. Siedman, and Mr. Hammer each provided a brief overview of their respective reports.

10) **Director Comments**

No Director comments were heard.

11) **Adjourn**

The Chair requested a motion to adjourn.

<b>&gt; Motion</b>	M/S (Lynn/Henson) to adjourn the meeting. Hearing no objections to the motion, the Chair announced the meeting adjourned.	✓ Action 22- 1015
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The meeting adjourned at 3:53 p.m.

