

Southeast Alaska Power Agency

**Financial Statements,
Required Supplementary Information, and
Government Auditing Standards Report**

For the Years Ended December 31, 2024 and 2023

(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Southeast Alaska Power Agency

Financial Statements, Required Supplementary Information, and
Government Auditing Standards Report

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Southeast Alaska Power Agency

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Independent Auditor's Report

The Board of Directors
Southeast Alaska Power Agency
Ketchikan, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Southeast Alaska Power Agency (the Agency) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Southeast Alaska Power Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Southeast Alaska Power Agency, as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southeast Alaska Power Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southeast Alaska Power Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6-14 and the Schedules of Pension Contributions and related notes on pages 40-42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2025 on our consideration of the Southeast Alaska Power Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southeast Alaska Power Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southeast Alaska Power Agency's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
August 12, 2025

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Management's Discussion and Analysis

Southeast Alaska Power Agency

Management's Discussion and Analysis

December 31, 2024; 2023; and 2022

This presentation and analysis are intended to serve as an introduction to and discussion of the financial statements of Southeast Alaska Power Agency (SEAPA) for the fiscal years ended December 31, 2024; 2023; and 2022.

Mission Statement

SEAPA's mission is to safely provide clean, reliable, low-cost wholesale power to the communities we serve.

Financial Highlights

- Total assets and deferred outflows of resources of \$177.1MM in 2024, \$177.8MM in 2023 and \$178.7MM in 2022 exceeded total liabilities by \$146.7MM, \$144.6MM, and \$143.8MM, respectively. As of December 31, 2024, 2023, and 2022; assets of \$41.6MM, \$35.8MM, and \$30.9MM were unrestricted and available to meet SEAPA's ongoing obligations to customers and creditors, respectively.
- SEAPA's change in net position increased to \$2MM in 2024, compared to \$877K in FY2023, and \$639K in FY2022.
- The wholesale power rate remained at 7.3 cents per kWh in 2024. Incremental increases of a quarter-cent per kWh were implemented in 2023 and 2022, establishing rates at 7.3 cents and 7.05 cents per kWh, respectively. These adjustments have offset inflationary pressures and supported capital project financing. Previously, the wholesale power rate was 6.8 cents per kWh, a rate that remained unchanged for 24 consecutive years.
- 2024 Power sales of \$14.658MM represent an increase of 3.7% over 2023, and 2023 increased 4.1% over 2022.
- Series 2019 Bonds matured in June 2024. This five-year issuance through the Alaska Municipal Bond Bank refunded the remaining 2009 Bonds. Debt payments for the 2015 Series Bonds were interest-only through 2024, with principal payments commencing in 2025.
- \$683K in capital projects were completed in 2024, including infrastructure upgrades at the Swan Lake hydroelectric facility for partial discharge monitors, an inlet valve control system and replacement of the bunkhouse. Basket strainers were replaced at the Tyee Lake hydroelectric facility, and a new battery bank, charger, and inverter were installed at the Wrangell substation.
- Preliminary feasibility work conducted in 2024 included adding a third turbine at the Tyee Lake facility and a new substation in Ketchikan to meet current and future energy demands.
- Other income included interest and investment income of \$865K in 2024 and \$758K in 2023. SEAPA also netted \$109K in sales of Renewable Energy Certificates in 2024, \$297K in 2023 and \$168K in 2022, and continues to certify and market new hydropower generation as it becomes eligible.

Southeast Alaska Power Agency

Management's Discussion and Analysis December 31, 2024; 2023; and 2022

Statement of Net Position

Total assets, total liabilities and total net assets as of December 31, 2024; 2023; and 2022 follow:

	December 31, 2024	December 31, 2023	December 31, 2022
Assets:			
Current assets	\$ 31,192,436	\$ 29,850,311	\$ 31,910,408
Capital assets	133,008,205	135,556,205	137,040,940
Noncurrent assets	12,883,186	12,380,035	9,725,545
Total Assets	\$ 177,083,827	\$ 177,786,551	\$ 178,676,893
Liabilities:			
Current liabilities	\$ 2,011,867	\$ 2,340,901	\$ 2,459,606
Noncurrent liabilities	28,418,870	30,796,779	32,445,635
Total liabilities	\$ 30,430,737	\$ 33,137,659	\$ 34,905,241
Net position			
Net investment in capital assets	\$ 103,588,487	\$ 104,614,885	\$ 104,609,725
Restricted for debt service	2,576,169	2,594,125	2,593,000
Restricted under agreements with external parties	22,223	1,594,600	5,588,819
Unrestricted	40,466,211	35,845,282	30,980,108
Total net position	\$ 146,653,090	\$ 144,648,892	\$ 143,771,652
Total Liabilities and Net Position	\$ 177,083,827	\$ 177,786,551	\$ 178,676,893

Discussion of Financial Position

Financial Position - FYE December 31, 2024

Net capital assets decreased as depreciation exceeded construction on capital projects in 2024 while efforts focused on kicking off multi-year capital projects with anticipated completion in 2026-27.

Noncurrent liabilities continue to decrease as bond debt is paid down. Series 2019 Bonds matured in June 2024. Annual debt service remains stable, however, as Series 2015 debt payments had been for interest-only through 2024 and principal payments begin in 2025.

The unrestricted net position increased due to higher sales, lower operating expense and dissolution of the Alaska DNR Reclamation restricted fund. Documents governing DNR Reclamation were amended in 2024. The requirement to make annual deposits to a Reclamation Fund was terminated and replaced with an annual \$3.6MM performance guarantee bond. Half of the \$1.6MM restricted fund was distributed to Copper Valley Electric Association and Kodiak Electric Association, which had collectively contributed one-half of the annual deposits. The remaining \$805K was retained by SEAPA as unrestricted funds, available for operational needs.

Southeast Alaska Power Agency

Management's Discussion and Analysis *December 31, 2024; 2023; and 2022*

Financial Position - FYE December 31, 2023

Overall Current Assets decreased by nearly \$2M as the 2022 Construction Fund, created to fund the Ketchikan headquarters construction, was drawn down to complete that capital project.

Net capital assets decreased as construction on capital projects was pushed to 2024 and expenditures were offset by depreciation.

The shift in noncurrent assets was due to longer-term maturities in SEAPA's Self-Insured investment fund.

Financial Position - FYE December 31, 2022

Current assets increased overall by nearly \$2.3M and included unspent proceeds from the 2022 bond issuance (approximately \$4M at year-end) in the form of a dedicated Construction Fund.

Capital assets increased with construction of the Ketchikan headquarters initiated and the Wrangell warehouse-office refurbishment completed. A transformer circuit switcher was also updated in Wrangell and the Petersburg substation was refurbished in 2022.

Liabilities increased with the issuance of 2022 long-term debt.

A summary of SEAPA's operational cash, investment and trustee funds follows:

Operating Funds

Revenue Fund - All revenues from all sources are deposited to the Revenue Fund as required by bond indenture. Withdrawals from the Revenue Fund cover operational costs and fund other accounts as needed.

Commercial Checking - Monies are transferred from the Revenue Fund and corresponding dedicated funds to cover all expenditures which are issued from this account.

R&R Fund - R&R (Renewal and Replacement) funds are dedicated to Board-approved capital projects. A \$1MM minimum balance required by bond indenture is maintained. The R&R Fund is capitalized by an annual levelized payment from the Revenue Fund. The payment schedule is established by the R&R Plan that is updated every five years. The annual contribution was \$3M in 2022 and increased to \$3.2MM in 2024.

New Generation Fund - Dedicated to funding new energy projects, this fund merged into the Reserves Fund in 2024.

Southeast Alaska Power Agency

Management's Discussion and Analysis

December 31, 2024; 2023; and 2022

Reserve Funds

Self-Insured Risk Fund - This is a risk management fund established as coverage for uninsured portions of SEAPA's transmission lines and to pay insurance deductibles and operational costs in the event of a catastrophic event. The fund balance of \$8M was increased by the Board to \$13M in 2022 pursuant to review of the R&R Plan, which was updated in 2021. Any excess earnings from this account are transferred to the R&R Fund each year.

Reserves Fund - Individual dedicated reserve accounts were consolidated into a single Reserves investment fund in 2024. The Reserves Fund Policy outlines its purpose for Rate Stabilization, New Generation, Capital Projects, and to support operations, if needed. Withdrawals from this fund are authorized by the Board.

Rate Stabilization Fund - Merged into the Reserves Fund in 2024, where it still serves the purpose to supplement revenue in case of a catastrophic shortfall in income, ensure bond covenants are met, and mitigate significant upward adjustments to the wholesale power rate.

Restricted Funds

Trustee Funds - This includes all bond-related funds: interest, principal, reserve and escrow funds.

USFS Certificate of Deposit - This CD is required by the US Forest Service as a land remediation deposit related to the Burnett Peak communication site established during construction of the Swan-Tyee Intertie.

DNR Reclamation Funds - This fund was closed in 2024. The reclamation contingency fund established in 2005 was required by the Alaska Department of Natural Resources. SEAPA maintained this trustee account which required an annual deposit of \$75K, half of which was contributed by Copper Valley Electric Association and Kodiak Electric Association. The fund's proceeds were divested amongst the three participants.

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Southeast Alaska Power Agency

Management's Discussion and Analysis December 31, 2024; 2023; and 2022

Changes in Net Position

Components of the Agency's operating revenues, operating expenses, and non-operating revenues/expenses for the fiscal periods ended December 31, 2024; 2023; and 2022 follow:

	December 31, 2024	December 31, 2023	December 31, 2022
Operating revenues:			
Power sales revenue	\$ 14,657,843	\$ 14,130,366	\$ 13,577,583
Net Operating Revenues	14,657,843	14,130,366	13,577,583
Operating expenses:			
Operating and maintenance	2,459,757	2,407,288	2,252,627
Transmission operations and maintenance	1,591,670	2,032,894	1,572,238
General and administrative	3,402,634	3,183,515	3,472,327
Depreciation expense	4,977,457	5,237,661	5,097,857
Total operating expenses	12,431,518	12,861,358	12,395,049
Operating Income	2,226,325	1,269,008	1,182,534
Non-operating revenues (expenses):			
Investment income	865,002	757,993	(285,045)
Grant revenue	28,092	33,225	106,110
Grant expense	(28,092)	(33,225)	(41,266)
Interest expense	(1,109,245)	(1,130,998)	(1,080,973)
Other income (expense)	22,116	(18,763)	757,363
Net non-operating revenues (expenses)	(222,127)	(391,768)	(543,811)
Change in net position	2,004,198	877,240	638,723
Net Position - beginning of year	144,648,892	143,771,652	143,132,929
Net Position - end of year	\$ 146,653,090	\$ 144,648,892	\$ 143,771,652

Southeast Alaska Power Agency

Management's Discussion and Analysis *December 31, 2024; 2023; and 2022*

Discussion of Operations

Operating revenues are derived from power generated at SEAPA's two hydroelectric facilities and sold to its three member-utility customers.

Operations - January through December 2024

Power sales of \$14.658MM were recorded in 2024 based on firm power sales of 201,448 MWh, an increase of approximately \$527K over 2023. This year's jump in sales was caused by load growth and a Member Utility's legacy hydro plant being out of service much of the year, which prompted greater reliance upon power sales from SEAPA until repairs were completed.

2024 operating income of \$2.2M includes depreciation expense of nearly \$5MM. The slight decrease in this year's depreciation expense is due to a one-time adjustment recorded in 2023.

Investment income grew as reserves were transferred into investment funds in 2024. Grant revenue and expense of \$28K was recorded in 2023, which closed the State of Alaska FY13 Alaska DCCED grant, primarily expended on regional hydro site analysis.

The change in net position was \$2,004,198 compared to \$877,240 in 2023 and is attributed to increases in sales, earnings, and a reduction in depreciation expense.

Operations - January through December 2023

Power sales of \$14.130MM were recorded in 2023 due to record sales of 189,680 MWh and a quarter-percent increase to the wholesale power rate. Sales were more than 6,000 MWh higher than 2022. This year's increase is primarily due to a temporary outage at one of the Member Utility's legacy hydro plants. During the period that the plant was undergoing a major upgrade, more power was purchased from SEAPA.

2023 operating income of \$1.2M includes depreciation expense of \$5.2MM. Depreciation increased \$139K compared to 2022 and included one-time expense to record the disposal of SCADA controls equipment which had been replaced.

Grant revenue and expense of \$33K was recorded in 2023. Funding from the State of Alaska FY13 Alaska DCCED grant continues to be applied toward regional hydro site analysis. A balance of \$37K was still available at the end of the fiscal year.

The change in net position was \$877,240 compared to \$638,722 in 2022, with the increase in sales attributed to a customer's temporarily unavailable legacy hydroelectric resource.

Operations - January through December 2022

Power sales of \$13.578M were recorded in 2022 due to record sales of 183,340 MWh and a quarter-percent increase to the wholesale power rate. Sales were slightly more than 14,000 MWh higher than 2021 and are attributed to a cold snap in December, as well as a trend of small incremental increases in annual sales.

Southeast Alaska Power Agency

Management's Discussion and Analysis

December 31, 2024; 2023; and 2022

2022 operating income of \$1.1M includes depreciation expense of \$5.1M and is an increase of \$437K over 2021.

Grant revenue of \$106K and grant expense of \$41K were recorded in 2022. Funding from the State of Alaska FY13 Alaska DCCED grant continues to be applied toward regional hydro site analysis. A balance of \$99K was still available at the end of the fiscal year, and the grant is extended through June 2024. Grant revenue also included \$65K from the Alaska Division of Homeland Security and Emergency Management as reimbursement for expenses incurred during a windstorm that took place in Wrangell in November 2021.

The change in net position was \$638,723 in 2022.

Economic Factors Influencing 2024 and 2025 Budgets, Rates, and Revenues

SEAPA's Wholesale Power Rate (WPR) did not change in 2024 or 2025. It was raised in January 2023 from 7.05 cents per kWh to 7.3 cents per kWh, which was only the second rate increase in over 24 years. Record sales in 2023 and 2024 precluded the need for a rate increase in 2025, but were due in part, to one-time outages at customer (Member Utility) hydro facilities. Beneficial electrification, primarily home-heating conversions from fossil fuels and increased use of electric vehicles, continues to trend in the region, steadily increasing power sales. The WPR is reviewed annually with a strategy to address any increases required to meet rising overhead costs and capital expenditures with smaller, incremental rate increases.

Going into 2025, snowpack levels at lower elevations were below their long-term average, however, sustained rainfall generated inflows substantial enough to reliably support ongoing hydroelectric generation in SEAPA's Swan Lake and Tyee Lake reservoirs.

At the end of 2024, the SEAPA Board authorized two major capital improvements to meet the current and future load demands of our Member Utilities. The Tyee Third Turbine project (\$24.1MM) will add a third turbine, generator, and transformer at the Tyee Lake hydroelectric plant. The addition of a new substation in Ketchikan (\$7.3MM) will facilitate delivery of potential additional capacity generated at Tyee. Both projects are scheduled for completion in 2027. In addition to traditional financial instruments, a \$5MM Department of Energy grant has been approved, discounted loans are available through a state program, and project funding will include contributions from SEAPA's existing R&R (renewal and replacement) Fund and the Reserves Fund. Once placed in service, the project is expected to qualify for substantial Investment Tax Credits, estimated at approximately \$12MM that will reimburse expenditures.

The Southeast Alaska economy is continuing to evolve in response to changing energy needs, federal investment, and shifting global and local market dynamics. The Southeast Alaska Power Agency (SEAPA) remains focused on supporting regional economic growth through energy resilience, innovation, and infrastructure development.

In 2025, the Southeast Conference secured a transformative \$38.6MM grant from the EPA, a significant milestone that will accelerate regional electrification and infrastructure development. This award not only reflects federal confidence in Southeast Alaska's readiness to adopt resilient energy systems but will also catalyze economic and population growth by supporting critical upgrades and enabling new load capacity across the region.

Southeast Alaska Power Agency

Management's Discussion and Analysis

December 31, 2024; 2023; and 2022

The outlook for commercial fishing in 2025 is cautiously optimistic. Although 2023 saw price shocks due to global oversupply, particularly from Russia, the 2025 season is projected to stabilize with moderated harvest levels and improved pricing. This recovery is expected to slightly rebound electric loads associated with fish processing. Flash-freezing remains the dominant preservation method, ensuring energy-intensive activity throughout summer months. Mariculture continues its upward trajectory, with growing interest in oysters and kelp offering opportunities to extend fish processing beyond traditional harvests.

Population growth remains closely tied to housing availability and affordability. Wrangell has made measurable progress with active property development projects aimed at expanding housing inventory. These efforts are expected to attract workforce migration and ease housing pressure, particularly as infrastructure grants and construction projects generate new jobs. Similarly, Ketchikan is anticipating a potential population increase related to expanded operations at the Coast Guard base, and the NOAA port facility, offering another driver for housing demand and electric load growth.

Electric vehicle (EV) adoption has begun in Southeast Alaska, albeit more slowly than in Juneau or the Lower 48. Infrastructure constraints continue to pose challenges, but grant-funded initiatives and growing consumer interest are prompting municipalities to plan for the installation of public charging stations. As electrification gains momentum, SEAPA anticipates incremental but steady growth in transportation-related electric demand, especially among municipal fleets and tour operators.

Southeast Alaska is uniquely positioned to capitalize on dock electrification, especially as cruise and freight industries adapt to decarbonization mandates. The Maritime Cruise Ship Head Tax Fund, recently utilized to support Alaska docks infrastructure, signals the potential for downstream funding to benefit Southeast. Ketchikan alone has identified six viable dock electrification projects, which would significantly reduce marine diesel emissions and increase electrical load. This infrastructure would also support expanded shore power use by cruise vessels, enhancing environmental performance in key port cities.

Tourism rebounded strongly in 2024 and is on pace to meet or exceed last year's record passenger levels in 2025. The cruise industry continues to be a major economic engine for the region. Increased tourist presence, extended port visits, and larger vessels are all contributing to higher seasonal electrical demand, especially for retail and hospitality services.

With the global race to build AI data centers, Southeast Alaska's low-cost, renewable hydropower presents an attractive value proposition. Preliminary interest has been expressed by developers exploring small-scale edge computing centers that prioritize clean energy. These facilities, while power intensive, would represent a new class of high-load, low-impact customers.

In Wrangell, a potential solar project is being evaluated as a supplement to local generation and regional energy security. While limited by daylight hours in winter, solar can still provide peak summer generation to offset diesel reliance and be paired with hydroelectric storage solutions at Tyee Lake and Swan Lake for added resiliency and energy capacity.

In a major milestone, Metlakatla will be fully interconnected to Ketchikan Public Utilities (KPU) in 2025 via a newly installed undersea cable. This long-anticipated connection will provide grid

Southeast Alaska Power Agency

Management's Discussion and Analysis

December 31, 2024; 2023; and 2022

reliability, backup capacity, and access to lower-cost renewable energy. It marks a crucial step toward a more unified and resilient Southeast grid.

The Infrastructure Investment and Jobs Act (IIJA) continues to inject billions into Alaska's energy landscape. However, national demand for materials and skilled labor has strained supply chains, driving up costs and delaying project timelines. Recruitment challenges persist, particularly in remote communities. Remote work flexibility and regional coordination remain key to workforce retention.

Southeast Alaska is at a pivotal moment. Federal funding, electrification, housing development, and industrial innovation are converging to redefine the region's energy future. SEAPA's strategic focus on grid resilience, emerging loads, and interconnection ensures that the region is prepared not only to meet growing demand but to lead in the clean energy transformation in Alaska.

Contacting SEAPA's Financial Management

This financial report is designed to provide SEAPA's customers, creditors, and investors with a general overview of the Joint Action Agency's finances and to demonstrate the Agency's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be directed to Controller, 55 Don Finney Lane, Ketchikan, AK 99901 or call 907-228-2281. This financial report and prior year financial reports are also available on SEAPA's web site at seapahydro.org/resources.

Basic Financial Statements

Southeast Alaska Power Agency

Statements of Net Position

December 31,	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents, including restricted cash and investments of \$2,135,427 at December 31, 2024, and \$3,697,737 at December 31, 2023	\$ 25,908,405	\$ 24,478,033
Accounts receivable	2,183,519	2,379,558
Accrued interest receivable	203,471	125,375
Inventory	1,975,784	2,043,752
Prepaid expenses	921,260	823,593
Total Current Assets	31,192,439	29,850,311
Noncurrent Assets		
Investments, long-term	12,808,641	12,357,319
Deferred charges	74,542	13,257
Capital assets, net	133,008,205	135,556,205
Total Noncurrent Assets	145,891,388	147,926,781
Deferred Outflows of Resources - loss on refunding	-	9,459
Total Assets and Deferred Outflows of Resources	\$ 177,083,827	\$ 177,786,551
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	\$ 452,426	\$ 933,157
Accrued interest payable	105,801	14,533
Current portion of other long-term liabilities	83,640	73,211
Current portion of long-term debt	1,370,000	1,320,000
Total Current Liabilities	2,011,867	2,340,901
Noncurrent Liabilities		
Other long-term liabilities, net of current portion	369,152	1,165,979
Long-term debt, net of current portion	25,145,000	26,515,000
Bond issue premium, net	2,904,718	3,115,779
Total Noncurrent Liabilities	28,418,870	30,796,758
Total Liabilities	30,430,737	33,137,659
Net Position		
Net investment in capital assets	103,588,487	104,614,885
Restricted for debt service	2,576,169	2,594,125
Restricted by agreements with external parties	22,223	1,594,600
Unrestricted	40,466,211	35,845,282
Total Net Position	146,653,090	144,648,892
Total Liabilities and Net Position	\$ 177,083,827	\$ 177,786,551

See accompanying notes to basic financial statements.

Southeast Alaska Power Agency

Statements of Revenues, Expenses, and Changes in Net Position

<i>Years Ended December 31,</i>	2024	2023
Operating Revenues		
Revenue from power sales	\$ 14,657,843	\$ 14,130,366
Operating Expenses		
Operating and maintenance	4,051,427	4,440,182
General and administrative	3,402,634	3,183,515
Depreciation expense	4,977,457	5,237,661
Total Operating Expenses	12,431,518	12,861,358
Operating income	2,226,325	1,269,008
Nonoperating Revenues (Expenses)		
Investment gain	865,002	757,993
Grant revenue	28,092	33,225
Grant expenses	(28,092)	(33,225)
Interest expense	(1,109,245)	(1,130,998)
Loss on property disposal	-	(266,858)
Other Income	22,116	248,095
Net Nonoperating Revenues (Expenses)	(222,127)	(391,768)
Change in net position	2,004,198	877,240
Net Position, beginning of year	144,648,892	143,771,652
Net Position, end of year	\$ 146,653,090	\$ 144,648,892

See accompanying notes to basic financial statements.

Southeast Alaska Power Agency

Statements of Cash Flows

Years Ended December 31,	2024	2023
Cash Flows from Operating Activities		
Receipts from customers	\$ 14,853,882	\$ 15,215,662
Payments to suppliers and employees	(8,812,174)	(7,537,334)
Other miscellaneous receipts and disbursements	22,116	248,095
Net cash flows from operating activities	6,063,824	7,926,423
Cash Flows from (for) Noncapital Financing Activities		
Grant and contract receipts	28,092	70,251
Grant and contract expenses	(28,092)	(33,225)
Net cash flows from noncapital financing activities	-	37,026
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of capital assets	(2,429,457)	(4,019,784)
Interest payments on long-term debt	(1,219,579)	(1,365,909)
Principal payments on long-term debt	(1,320,000)	(1,255,000)
Net cash flows for capital and related financing activities	(4,969,036)	(6,640,693)
Cash Flows from (for) Investing Activities		
Purchase of investments	(38,383,013)	(12,164,135)
Proceeds from sales of investments	37,810,379	9,969,442
Investment income received	908,218	209,991
Net cash flows for investing activities	335,584	(1,984,702)
Net increase (decrease) in cash and cash equivalents	1,430,372	(661,946)
Cash and Cash Equivalents, beginning of year	24,478,033	25,139,979
Cash and Cash Equivalents, end of year	\$ 25,908,405	\$ 24,478,033

Southeast Alaska Power Agency

Statements of Cash Flows, continued

<i>Years Ended December 31,</i>	2024	2023
Reconciliation of Operating Income to Net Cash Flows		
from Operating Activities		
Operating income	\$ 2,226,325	\$ 1,269,008
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	4,977,457	5,237,661
Other income (expense)	22,116	248,095
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Inventory	67,968	206,696
Prepaid expenses	(97,667)	135,381
Accounts receivable	196,039	1,085,296
Deferred charges	(61,285)	(743)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(480,731)	(216,035)
Other long-term liabilities	(786,398)	(38,936)
Net Cash Flows From Operating Activities	\$ 6,063,824	\$ 7,926,423

See accompanying notes to basic financial statements.

Southeast Alaska Power Agency

Notes to Basic Financial Statements Years Ended December 31, 2024 and 2023

1. Organization and Operations

The Southeast Alaska Power Agency (the Agency) is a joint action agency of the State of Alaska and was created pursuant to Alaska Statutes Section 42.45.300. The Agency (formerly known as The Four Dam Pool Power Agency (FDPPA)) was established in 2001 to take over ownership from the State (the Alaska Energy Authority) of the Terror Lake, Solomon Gulch, Tyee Lake, and Swan Lake hydroelectric projects. This transaction was completed on January 31, 2002. On February 24, 2009, the Agency completed a restructuring, whereby the Terror Lake and Solomon Gulch projects were transferred to Kodiak Electric Association and Copper Valley Electric Association, respectively. Effective with this transfer, the name of the Agency was changed to the Southeast Alaska Power Agency (SEAPA).

The member cities (Ketchikan, Wrangell, and Petersburg) and utilities purchase power from the Agency at the same wholesale power rate.

The current bylaws that govern SEAPA provide for a total of five board members who are selected from each of the communities being served by the projects. Two board members are appointed by Ketchikan (Swan Lake), one each from Wrangell and Petersburg (Tyee Lake), and a fifth board member that rotates annually between the two projects (Swan Lake and Tyee Lake).

SEAPA is an independent agency of the State. SEAPA has the ability to finance its own projects. This independence was proven during the restructuring, completed in 2009, where SEAPA was able to sell its own bonds, secured by the power sales agreement between SEAPA and Ketchikan, Wrangell and Petersburg.

2. Summary of Significant Accounting Policies

The Agency is a joint action agency under the authority of AS 42.45.300-320, of which all the members are governments. Therefore, the Agency is treated as a special purpose government and financial reporting is in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The financial activities of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when goods or services are received, or the related liability is incurred.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consists of cash, demand deposits, money market funds, and short-term commercial paper or certificates of deposit.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Investments

The Agency's investments are recorded in accordance with the authoritative guidance on fair value measurements and disclosures. Exceptions to fair value measurement in the guidance include valuation of certain investments at amortized cost, including non-tradable certificates of deposit. Unrealized gains and losses are included in earnings and are reported as investment income (loss).

Restricted Assets

As described in Note 3, assets that are restricted for specific uses by bond indentures or other requirements are classified as restricted assets. When both restricted and unrestricted assets are available for use, it is the Agency's policy to use restricted assets first, then unrestricted assets, as they are required.

Inventory

Inventory of parts and supplies is valued at cost using the specific identification method.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

The Agency's capital assets are recorded at cost and depreciation is charged to operations by use of the straight-line method over their estimated useful lives. Repairs and maintenance charges are expensed as incurred.

The estimated useful lives of the capital assets are as follows:

<i>Capital assets</i>	<i>Years</i>
Structures	15 - 50
Infrastructure	5 - 50
Generation and distribution	5 - 35
Furniture, fixtures, and other	3 - 15

Revenue Recognition

The primary source of the Agency's revenue is from power sales to the Agency's member utilities (the Purchasers). Revenue is recognized on an accrual basis and is recorded monthly, based on the kilowatt-hours (kWh) used by the members as operating revenue.

The Purchasers purchase power from SEAPA pursuant to conditions of the Power Sales Agreement, adopted at the close of Restructuring on February 24, 2009. The SEAPA Board of Directors sets the wholesale power rate annually. The wholesale power rate for the year ended December 31, 2024 was set at 7.3 cents per kWh and 7.3 cents per kWh for year ended December 31, 2023. The member utilities pay for the amount of power used and displaced sales under the Whitman true-up.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

The Purchasers buy power from the Agency at the same wholesale power rate. Rebates may be awarded at the Board's discretion based on operating results. The following is the percentage of volume sold to each Purchaser:

<i>Year Ended December 31,</i>	2024	2023
Ketchikan Public Utilities	56%	52%
Petersburg Municipal Light and Power	24%	28%
Wrangell Municipal Light and Power	20%	20%
	100%	100%

Contract revenue, grant revenue, and investment income are recognized when earned.

Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, for which it carries commercial insurance, subject to standard deductibles and limitations. Loss that is not covered by insurance, both in the form of uninsured property (transmission lines) and various insurance deductibles and self-insured retentions, are funded by the internal Self-Insured Risk Fund.

Environmental Issues

The Agency's policy relating to environmental issues is to record a liability when the likelihood of responsibility for clean-up is probable and the costs are reasonably estimable. At December 31, 2024 and 2023, there were no environmental issues that met both of these criteria and, accordingly, no provision has been made in the accompanying financial statements for any potential liability.

Income Taxes

The Internal Revenue Code provides that gross income for tax purposes does not include income accruing to a state or territory or any political subdivision thereof, which is derived from the exercise of any essential governmental function.

Estimates

In preparing the financial statements, management of the Agency is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of net position and revenues and expenses for the period. Actual results could differ from those estimates.

Grants

The Agency recognizes grant revenue when all applicable eligibility requirements, including time requirements, are met.

Subsequent Events

The Agency has evaluated subsequent events through August 12, 2025, the date on which the financial statements were available to be issued.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Reclassification

Certain prior year amounts included in the comparative financial statements have been reclassified to achieve comparability with current year presentation.

Accounting Pronouncements Implemented

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Agency for 2024 reporting:

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end December 31, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end December 31, 2024. The Agency evaluated the impacts of GASB Statement 99 and determined there to be no impact to the Agency's financial statements for the current fiscal year

GASB Statement No. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 - Effective for year-end December 31, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Agency evaluated the impacts of GASB Statement 100 and determined that the provisions for changes within the financial reporting entity were applicable for changes

GASB Statement No. 101 - Compensated Absences - Effective for year-end December 31, 2024. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Agency evaluated the impacts of GASB Statement 101 and determined that the provisions were applicable for the current fiscal year. The Agency evaluated the impacts of GASB Statement 101 and determined there to be no impact to the Agency's financial statements for the current fiscal year

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 102 - Certain Risk Disclosures - Effective for year-end December 31, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

GASB Statement No. 103 - Financial Reporting Model Improvements - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 - Disclosure of Certain Capital Assets - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments.

3. Cash and Investments

Restrictions and Designated Funds

All revenues, including revenue received from the utilities for the purchase of power pursuant to the Long-Term Power Sales Agreement, are deposited into the Revenue Fund. The Revenue Fund is held by the Agency. The Revenue and Replacement (R&R) Fund is also an Agency-held fund. The R&R Fund is used to fund renewal and replacement projects, and the bond indenture requires that the account balance in this fund shall never be less than \$1,000,000.

The Reserves Fund was created in 2024 with transfers from the New Generation Fund, the Rate Stabilization Fund, and the Revenue Fund. This new investment fund is intended to support rate stabilization and contribute to major capital projects and is governed by a Reserves Fund Policy established by the Board.

The Agency established a Self-Insured Risk Fund, which is an investment fund to cover SEAPA's uninsured transmission lines, insurance deductibles and operational costs in the event of a catastrophic event. This Fund was established by the Board and is based upon a risk assessment performed in 2022.

The Agency established a Rate Stabilization Fund in 2018 and may at any time, from time to time, as determined by the Agency, deposit available revenues in the Rate Stabilization Fund.

The Agency has also established a Commercial Account from which all payments and obligations are paid.

The Bond Fund, consisting of the Interest Account and the Principal Account (for the 2015, 2019, 2021 and 2022 bonds), is held by the Trustee. The Bond Reserve Fund is also held by the Trustee and is required to be maintained at all times at not less than the Bond Reserve Requirement.

The Reclamation Contingency Fund was an Agency-held, restricted fund, used to satisfy certain conditions of the lease and easement agreements between the Agency and the Department of Natural Resources (DNR). Under a renegotiated agreement, this fund was dissolved in 2024, with half of the fund distributed to Copper Valley Electric Association and Kodiak Electric Association, and the other half retained by SEAPA as unrestricted funds.

All restricted funds are kept in current cash accounts and short-term investments such as money market funds.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

The cash and investments were held in accounts for the following activities:

<i>December 31,</i>	2024	2023
Unrestricted:		
Internal renewal and replacement fund	\$ -	\$ 1,001,226
Dedicated renewal and replacement fund	4,764,308	8,514,759
Revenue fund	3,176,034	6,673,128
Self-insured risk fund	13,564,180	13,055,778
Reserves Fund	15,076,083	-
Commercial checking account	1,014	1,164
New generation fund	-	1,885,498
Rate stabilization fund	-	2,006,062
Total unrestricted	36,581,619	33,137,615
Restricted:		
Reclamation contingency fund	-	1,572,796
2015 Trust series bond interest	42,108	2,193
2015 Series bond reserve fund	576,029	585,358
2015 Series bond principal fund	80,417	-
2019 Series bond interest fund	-	4,123
2019 Series bond principal fund	-	1,619
2019 Series bond reserve fund	-	232,685
2021 Series bond interest fund	41,662	1,751
2021 Series bond principal fund	25,444	410
2021 Series bond reserve fund	829,136	793,831
2022 Series bond interest fund	22,031	14,434
2022 Series bond principal fund	8,932	207
2022 Series Bond reserve fund	487,445	466,689
STI-USFS CD	22,223	21,641
Total restricted	2,135,427	3,697,737
Total Cash and Investments	\$ 38,717,046	\$ 36,835,352

Cash and investments are reported as follows on the Statements of Net Position:

<i>December 31,</i>	2024	2023
Cash and cash equivalents, including restricted		
cash and investments	\$ 25,908,405	\$ 24,478,033
Investments, long-term	12,808,641	12,357,319
Total Cash and Investments	\$ 38,717,046	\$ 36,835,352

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Investment Securities

General - Investment Policies, Portfolio Information, and Restrictions

The Agency's investments are governed by the terms of the Agency's Investment Policy. The Agency's cash and investments are either governed by long-term debt agreements or the Agency's Investment Policy. The Investment Policy for Agency-held funds was amended and adopted by the Board of Directors in June 2009. The following Agency-held securities are eligible for investment under the Investment Policy:

1. Obligations of, or obligations insured or guaranteed by, the United States;
2. Obligations of United States agencies or instrumentalities;
3. Corporate debt securities with a minimum rating of "A" or the equivalent by a nationally recognized rating organization;
4. United States Agency mortgage-backed securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association;
5. Uncollateralized deposits at banks, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC);
6. Prime commercial paper bearing the highest rating of a nationally recognized rating organization; and
7. Money market mutual funds, whose portfolios consist entirely of instruments specified in 1 and 2 above and who meet the definition of SEC 2a-7 money-market fund.

Investments shall be diversified to minimize the risk of loss resulting from over concentration of investments in a specific issuer, maturity, or class of security. At the time of purchase, corporate securities may not exceed 25% of the market value of the total portfolio. With the exception of U.S. Agency mortgage-backed securities, no security may have a final maturity greater than five years. To further control interest rate risk, the overall duration of the portfolio may not exceed 120% of the Barclays 1-3 Year Governmental Index. Should any security be downgraded below Investment Grade (BAA or equivalent) by a nationally recognized rating organization, the security will be sold in an orderly manner within 90 days of such downgrade.

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Southwest Alaska Power Agency

Notes to Basic Financial Statements

The following Trustee-held securities are eligible for investment under the Bond Indenture of Trust:

1. Obligations of the United States or of an agency or instrumentality of the United States;
2. Repurchase and reverse repurchase agreements secured by the Treasury of the United States or obligations of an agency or instrumentality of the United States; certificates of deposit, bankers' acceptances, and other similar obligations of a bank domiciled in the United States that has on the date of purchase:
 - Outstanding debt rated Aa or AA or higher by at least one of the nationally recognized rating services, including dollar-denominated obligations issued by a United States branch of a foreign bank, if the debt of the parent is rated A or higher; and
 - A combined capital and surplus aggregating at least \$500,000,000;
3. Commercial paper and other short-term taxable instruments that maintain the highest rating by at least two nationally recognized rating services on the date of purchase;
4. Obligations of a corporation domiciled in the United States or obligations of a municipality, if the obligations are rated on the date of purchase Aa or AA or higher by at least two nationally recognized rating services;
5. Certificates of deposit issued by a state or federally chartered financial institution that is a commercial or mutual bank, savings and loan association, or credit union, but only if, and to the extent, the institution's accounts are insured through the appropriate federal insuring agency of the United States;
6. Money market funds in which the securities of the fund consist of obligations listed above; and
7. Any other investment permitted under the Issuer's investment policy, as amended, from time to time in writing, which will not adversely affect the ratings of the Outstanding Bond.

Provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to this Indenture by a Supplemental Indenture, thus permitting investments with different characteristics from those permitted above, which the Issuer deems from time to time to be in the interest of the Issuer to include as Permitted Investments, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the rating on the Outstanding Bonds.

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Southeast Alaska Power Agency

Notes to Basic Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of the investment's fair value to changes in the market interest rates. Investment maturities are as follows:

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
<i>December 31, 2024</i>			
U.S. government bonds	\$ 25,845,286	\$ 15,070,572	\$ 10,774,714
Corporate bonds	879,222	-	879,222
U.S. agency obligation	549,406	99,779	449,627
Certificates of deposit	1,331,374	626,296	705,078
Total investments	28,605,288	15,796,647	12,808,641
Cash and cash equivalents:			
Certificates of deposit	22,223	-	-
Money market	2,148,180	-	-
Demand deposits	7,941,355	-	-
Total cash and cash equivalents	10,111,758	-	-
Total	\$ 38,717,046	\$ 15,796,647	\$ 12,808,641

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
<i>December 31, 2023</i>			
U.S. government bonds	\$ 10,590,867	\$ -	\$ 10,590,867
Corporate bonds	321,715	221,749	99,966
U.S. agency obligation	587,327	243,660	343,667
Certificates of deposit	1,523,136	200,317	1,322,819
Total investments	13,023,045	665,726	12,357,319
Cash and cash equivalents:			
Certificates of deposit	21,805	-	-
Money market	3,708,829	-	-
Demand deposits	20,081,673	-	-
Total cash and cash equivalents	23,812,307	-	-
Total	\$ 36,835,352	\$ 665,726	\$ 12,357,319

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The credit quality ratings of the Agency's investments, as described by nationally recognized statistical rating organizations, are shown below (using Standard & Poor's Corporation rating scale unless otherwise noted):

Investment Type	Rating	Percent of Total	
		December 31, 2024	December 31, 2023
U.S. government bonds	AA+	94.76%	92.10%
U.S. government agencies	AA+	2.01%	5.10%
Corporate bonds	AA-	0%	0.87%
Corporate bonds	A-	3.22%	1.93%
Total		100%	100%

Custodial Credit Risk

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. The Agency has not established a formal policy for custodial credit risk over its investments. However, the Agency has a custodial agreement in place with their primary banking institution. At December 31, 2024 and 2023, the Agency had no uncollateralized or uninsured bank deposits. The Agency also has money market fund investments it considers to be cash which are not included in the evaluation of bank deposits. These funds are AAA rated and have no restrictions. Certificates of deposit held as investments are fully insured, as they do not exceed the \$250,000 limit per underlying institution by the Federal Deposit Insurance Corporation.

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Agency's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. None of SEAPA's investments (other than those issued or guaranteed by the U.S. government) represent more than 5% of total investments.

The Agency's investments included the following concentrations greater than 5%:

Investment Type	2024		2023	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
U.S. government bonds and agency securities	\$ 27,273,914	100.00%	\$ 11,178,194	97.20%

Southeast Alaska Power Agency

Notes to Basic Financial Statements

Fair Value Measurement

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency has the following recurring fair value measurements as of December 31, 2024 and 2023:

- U.S. government agency securities of \$549,406 and \$587,327 as of December 31, 2024 and 2023, respectively, are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- U.S. government bonds, corporate bonds, and long-term certificates of deposit investments of \$28,078,105 and \$10,590,867 as of December 31, 2024 and 2023, respectively, are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).

The Agency has investments in money market funds and certificates of deposits totaling \$34,975 and \$32,732 as of December 31, 2024 and 2023, respectively, that are not held at fair value, but instead recorded at amortized cost. Management believes that these values approximate fair value.

4. Capital Assets

The components of the Agency's capital assets are as follows:

<i>Year Ended December 31,</i>	2024	2023
Tyee Lake	\$ 45,986,875	\$ 44,716,432
Swan Lake	38,116,714	37,636,248
Swan-Tyee Intertie	115,329,753	115,330,568
General plant	7,056,361	6,556,325
	206,489,703	204,239,573
Less accumulated depreciation	(73,481,498)	(68,683,368)
Total Capital Assets, Net of Accumulated Depreciation	\$ 133,008,205	\$ 135,556,205

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Southeast Alaska Power Agency

Notes to Basic Financial Statements

Capital asset activity for the Agency for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Additions	Transfers and Deletions	Balance at December 31, 2024
Capital assets not being depreciated:				
Swan Lake construction in progress	\$ 1,416,165	\$ 685,764	\$ (2,015,510)	\$ 86,419
Tyee Lake construction in progress	248,057	1,270,386	(114,474)	1,403,969
Ketchikan Construction in progress	-	425,579	-	425,579
Other construction in progress	-	74,457	(74,457)	-
Land	474,953	-	-	474,953
Total capital assets not being depreciated	2,139,175	2,456,186	(2,204,441)	2,390,920
Capital assets being depreciated:				
Structures	30,229,443	1,465,333	(83,763)	31,611,013
Infrastructure	11,941,931	606,825	(761)	12,547,995
Generation and distribution	157,737,112	-	-	157,737,112
Furniture, fixtures and other	2,191,153	131,566	(120,059)	2,202,660
Leasehold improvements	-	-	-	-
Total capital assets being depreciated	202,099,639	2,203,724	(204,583)	204,098,780
Less accumulated depreciation:				
Structures	(10,292,425)	(916,623)	58,678	(11,150,370)
Infrastructure	(3,623,361)	(437,485)	759	(4,060,087)
Generation and distribution	(53,495,243)	(3,504,570)	-	(56,999,813)
Furniture, fixtures and other	(1,271,580)	(118,779)	119,134	(1,271,225)
Leasehold improvements	-	-	-	-
Total accumulated depreciation	(68,682,609)	(4,977,457)	178,571	(73,481,495)
Capital assets being depreciated, net	133,417,030	(2,773,733)	(26,727)	130,616,570
Total Capital Assets, net	\$ 135,556,205	\$ (317,547)	\$ (2,230,453)	\$ 133,008,205

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Southeast Alaska Power Agency

Notes to Basic Financial Statements

Capital asset activity for the Agency for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Additions	Transfers and Deletions	Balance at December 31, 2023
Capital assets not being depreciated:				
Swan Lake construction in progress	\$ 138,804	\$ 1,300,025	\$ (22,664)	\$ 1,416,165
Tyee Lake construction in progress	73,903	815,902	(641,748)	248,057
Other construction in progress	3,910,740	1,903,857	(5,814,597)	-
Land	474,953	-	-	474,953
Total capital assets not being depreciated	4,598,400	4,019,784	(6,479,009)	2,139,174
Capital assets being depreciated:				
Structures	24,825,304	5,435,483	(31,344)	30,229,443
Infrastructure	11,164,892	819,395	(42,355)	11,941,931
Generation and distribution	160,036,320	-	(2,299,207)	157,737,113
Furniture, fixtures and other	1,971,762	224,849	(5,458)	2,191,153
Leasehold improvements	90,932	-	(90,932)	-
Total capital assets being depreciated	198,089,210	6,479,727	(2,468,578)	202,099,640
Less accumulated depreciation:				
Structures	(9,461,425)	(834,552)	3,552	(10,292,425)
Infrastructure	(3,208,748)	(456,969)	42,355	(3,623,361)
Generation and distribution	(51,775,344)	(3,830,737)	2,110,838	(53,495,243)
Furniture, fixtures and other	(1,162,416)	(114,030)	4,866	(1,271,580)
Leasehold improvements	(38,737)	(1,374)	40,110	-
Total accumulated depreciation	(65,646,670)	(5,237,661)	2,201,722	(68,682,609)
Capital assets being depreciated, net	132,442,540	1,242,065	(266,856)	133,416,991
Total Capital Assets, net	\$ 137,040,940	\$ 5,261,849	\$ (6,745,865)	\$ 135,556,205

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Southeast Alaska Power Agency

Notes to Basic Financial Statements

5. Other Long-term Liabilities

In 2015, the Agency assumed operations of the Tyee facility from the City and Borough of Wrangell and the Petersburg Borough. As part of the transition of the operations, the Agency assumed long-term liabilities related to long-term employee benefit payments to the State of Alaska Public Employees' Retirement System (PERS). While the Agency is not an employer in PERS itself, the Agency has assumed responsibility for the payments of retirement benefits for certain former employees as part of the transaction.

The Reclamation Contingency liability was established as a condition of the lease and easement agreements between the Agency and the Alaska Department of Natural Resources (DNR). A required annual deposit of \$75,000, half of which was contributed by Copper Valley Electric Association (CVEA) and Kodiak Electric Association (KEA), was added to a cash reserve held by SEAPA. The liability carried by SEAPA represented the CVEA and KEA deposits. In 2018, SEAPA conducted a full review of the balances in the reclamation liability back to the original establishment of the fund in 2002. It was determined that certain balances associated with the restructuring of SEAPA (formerly FDPPA) in 2009 would be reallocated to the other companies, and an additional accrual of \$166,471 increased the liability to reflect this change in estimate.

Both the Reclamation Contingency Fund and the associated liability were dissolved in 2024 after each entity reached independent agreements with DNR. The liability balance of \$805,768 was distributed equally to CVEA and KEA, and the remaining \$805K was absorbed by SEAPA. SEAPA now maintains a \$3.6MM surety bond to meet DNR reclamation requirements.

The following reflects the changes in other long-term liabilities for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
PERS Unfunded Liability	\$ 452,792	\$ -	\$ (83,640)	\$ 369,152	\$ 83,640
DNR Reclamation	786,398	-	(786,398)	-	-
Total Other Long-Term Liabilities	\$ 1,239,190	\$ -	\$ (870,038)	\$ 369,152	\$ 83,640

The following reflects the changes in other long-term liabilities for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
PERS Unfunded Liability	\$ 562,602	\$ -	\$ (109,810)	\$ 452,792	\$ 73,211
DNR Reclamation	715,524	70,874	-	786,398	-
Total Other Long-Term Liabilities	\$ 1,278,126	\$ 70,874	\$ (109,810)	\$ 1,239,190	\$ 73,211

Southeast Alaska Power Agency

Notes to Basic Financial Statements

6. Long-term Debt

In May 2019, previously issued and outstanding Series 2009 bonds were advance refunded, and the Agency issued \$4.245 million in Series 2019 (Tax-Exempt) electric revenue refunding bonds. Interest is payable on these bonds on May 1 and November 1, commencing November 1, 2019 at an interest rate of 5.00%. The refunding also resulted in a bond issue premium of \$398,863 that is being amortized over the life of the bonds. The remaining Series 2009 bonds have been defeased. A loss on refunding of \$111,609 was recorded as a deferred outflow of resources and is being amortized to interest expense over the life of the original bonds. The bonds matured June 1, 2024.

In addition, the Agency issued general obligation bonds, Series 2015, denominations of \$5,000, dated May 6, 2015, with a total issue of \$10,295,000. The bond proceeds were used to pay for capital improvements, provide for current refunding of a portion of the Series 2009 Bonds, fund the Bond Reserve Requirement, and pay the cost of issuing the Series 2015 Bonds. Interest rates range from 3.875% to 5.250%; principal payments commence in 2025. The bonds mature June 1, 2033.

To fund repairs of a submarine transmission cable, the Agency issued a Series 2021 bond through the Alaska Municipal Bond Bank in the amount of \$11,330,000 on June 16, 2022. The bond bears an annual interest rate between 4-5% and has a 24-year payback period.

On September 29, 2022, the Agency issued a Series 2022 bond through the Alaska Municipal Bond Bank in the amount of \$5,990,000. The bond bears an annual interest rate between 4-5% and has a 24-year payback period. Combined annual debt service requirements for these bonds as of December 31, 2024 follow:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 1,370,000	\$ 1,231,501	\$ 2,601,501
2026	1,440,000	1,160,588	2,600,588
2027	1,510,000	1,086,051	2,596,051
2028	1,600,000	1,007,888	2,607,888
2029	1,600,000	925,063	2,525,063
2030-2034	7,875,000	3,401,566	11,276,566
2035-2052	11,120,000	4,127,328	15,247,328
Total	\$ 26,515,000	\$ 12,939,985	\$ 39,454,985

The following reflects the changes in long-term debt for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Series 2019 Bonds	\$ 935,000	\$ -	\$ (935,000)	\$ -	\$ -
Series 2015 Bonds	10,295,000	-	-	10,295,000	965,000
Series 2021 Bonds	10,800,000	-	(285,000)	10,515,000	300,000
Series 2022 Bonds	5,805,000	-	(100,000)	5,705,000	105,000
Total	\$ 27,835,000	\$ -	\$ (1,320,000)	\$ 26,515,000	\$ 1,370,000

Southeast Alaska Power Agency

Notes to Basic Financial Statements

The following reflects the changes in long-term debt for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Series 2019 Bonds	\$ 1,825,000	\$ -	\$ (890,000)	\$ 935,000	\$ 935,000
Series 2015 Bonds	10,295,000	-	-	10,295,000	-
Series 2021 Bonds	11,070,000	-	(270,000)	10,800,000	285,000
Series 2022 Bonds	5,900,000	-	(95,000)	5,805,000	100,000
Total	\$ 29,090,000	\$ -	\$ (1,255,000)	\$ 27,835,000	\$ 1,320,000

Bond premiums and discounts are as follows:

<i>December 31,</i>	2024	2023
Premium	\$ 4,370,449	\$ 4,370,449
Less accumulated amortization	(1,465,731)	(1,254,670)
Net Premiums	\$ 2,904,718	\$ 3,115,779

The Agency recorded \$211,061 and \$257,595 as amortization to interest expense for the years ended December 31, 2024 and 2023, respectively.

7. Operating Lease

The Agency entered into a lease agreement for office space in Ketchikan, Alaska that expired on January 15, 2022. The lease then converted to a month-to-month basis with rent escalations of \$0.05 per month per square foot through January 15, 2023, or a monthly increase of \$141. The lease was terminated on June 15, 2023.

The Agency expensed \$0 and \$37,686 under this noncancelable lease obligation for the years ended December 31, 2024 and 2023, respectively.

The Agency also holds a month-to-month lease for apartment space. Rent expense for the years ended December 31, 2024 and 2023 totaled \$19,400 and \$18,900 per year, respectively.

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Southeast Alaska Power Agency

Notes to Basic Financial Statements

8. Employee Benefits

Union Agreements

The Agency entered into a union agreement with the International Brotherhood of Electrical Workers (IBEW) that became effective July 1, 2018 and will expire December 31, 2025. This agreement has distinct insurance and retirement programs and covers employees located in Wrangell and both hydroelectric facilities at Tyee Lake and Swan Lake, excluding managerial and administrative employees.

Defined Benefit Pension Plans

Pension benefits for substantially all employees are provided through participation in the National Rural Electric Cooperative Association (NRECA) and Alaska Electrical Trust Fund retirement programs. Both plans are master multi-employer defined benefit plans qualified under Section 401 and tax exempt under Section 501(a) of the Internal Revenue Code.

A unique characteristic of a multi-employer plan compared to a single-employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

NRECA Retirement Security Plan Information

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan. It is considered a multi-employer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

SEAPA's contributions to the RS Plan in 2024 and in 2025 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. For the years ended December 31, 2024 and 2023, SEAPA made contributions to the RS Plan of \$297,855 and \$298,894, respectively.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80 percent funded on January 1, 2024 and January 1, 2023, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the Plan and may change as a result of plan experience.

Alaska Electrical Pension Plan Information

The Alaska Electrical Pension Plan sponsor's Employer Identification Number is 92-6005171 and the Plan Number is 001. The Agency's contributions to the Plan in 2024 and in 2023 represented less than 5% of the total contributions made to the Plan by all participating employers. For the years ended December 31, 2024 and 2023 SEAPA made contributions to the Plan of \$183,869 and \$195,996, respectively. The collective bargaining agreement in place related to this Plan expires in December 2025.

Southeast Alaska Power Agency

Notes to Basic Financial Statements

In total, the Alaska Electrical Pension Plan was more than 80% funded at December 31, 2024 and 2023 as certified by the Plan actuary. The Plan is not subject to funding improvement plans or rehabilitation plans and as a result, the Association is not subject to contribution surcharges. There are no minimum funding commitments as negotiated contributions currently satisfy SEAPA's commitment towards meeting the annual minimum funding requirement for the Alaska Electrical Pension Plan. Future contribution requirements are determined each year as part of the actuarial valuation of the Plan and may change as a result of plan experience.

9. Commitments and Contingencies

During the normal course of business, the Agency may be subject to various claims and disputes related to the conduct of its business. Management believes the resolution of these matters will not have a material effect on financial position, results of operations, or cash flows.

10. Rate Stabilization

The Agency established a Rate Stabilization Fund in fiscal year 2019, transferring \$2 million as an initial deposit into a separate investment account. Funds are intended to improve SEAPA's long-term fiscal health by reserving a portion of excess revenues. Proceeds may be used to minimize the impact on future rates of an unforeseen extraordinary expenditure, or to ensure bond covenant compliance is maintained. In 2024, the balance of the Rate Stabilization Fund was consolidated with other savings into a single Reserves Fund. In accordance with the Reserves Fund Policy, it will continue to fulfill the functions of a Rate Stabilization Fund, amongst its designated purposes.

11. Related Parties

SEAPA is an agency of the state that sells power to three member cities; thus, revenue is generated solely through these three cities. Its Board of Directors are made up of board members from Ketchikan, Petersburg and Wrangell. The following table reflects the percentage of revenue each related party makes up during the year and the percent of accounts receivable from members at the end of the year.

Related Party	Percent of Revenue/Accounts Receivable	
	December 31, 2024	December 31, 2023
Ketchikan	56%/64%	52%/63%
Petersburg	17%/24%	28%/14%
Wrangell	20%/16%	20%/23%

12. Subsequent Events

The Agency has evaluated subsequent events through August 12, 2025 the date on which the financial statements were available to be issued.

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Required Supplementary Information

Southeast Alaska Power Agency
National Rural Electric Cooperative Association (NRECA)
Schedule of Contributions

<i>Period Ended</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2024	\$ 297,855	\$ 297,855	-	707,326	42%
December 31, 2023	298,894	298,894	-	716,773	42%
December 31, 2022	370,764	370,764	-	915,694	40%
December 31, 2021	363,439	363,439	-	915,694	40%
December 31, 2020	350,119	350,119	-	908,692	39%
December 31, 2019 (six months)	152,895	152,895	-	456,807	33%
June 30, 2019	274,519	274,519	-	868,855	32%
June 30, 2018	267,892	267,892	-	915,321	29%
June 30, 2017	271,275	271,275	-	905,489	30%
June 30, 2016	272,999	272,999	-	839,014	33%
June 30, 2015	221,899	221,899	-	781,056	28%
June 30, 2014	210,410	210,410	-	661,818	32%
June 30, 2013	155,947	155,947	-	574,652	27%

See accompanying notes to Required Supplementary Information.

Southeast Alaska Power Agency

Alaska Electrical Pension Plan

Schedule of Contributions

<i>Period Ended</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2024	\$ 183,869	\$ 183,869	0	\$ 1,342,538	13.70%
December 31, 2023	195,996	195,996	-	1,405,089	13.95%
December 31, 2022	160,798	160,798	-	1,236,603	13.00%
December 31, 2021	143,236	145,236	(2,000)	1,241,875	11.53%
December 31, 2020	136,321	136,321	-	1,343,140	10.15%
December 31, 2019 (six months)	76,284	76,284	-	652,735	11.69%
June 30, 2019	77,678	77,678	-	625,764	12.41%
June 30, 2018	86,859	86,859	-	831,118	10.45%
June 30, 2017	75,425	75,425	-	768,526	9.81%
June 30, 2016	73,698	73,698	-	804,889	9.16%
June 30, 2015	57,945	57,945	-	992,299	5.84%
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* Employees covered by the AEPP were first hired in FY2015.

See accompanying notes to Required Supplementary Information.

Southeast Alaska Power Agency

Notes to Required Supplementary Information Years Ended December 31, 2024 and 2023

1. National Rural Electric Cooperative Association (NRECA)

Schedule of Contributions

- This table is based on SEAPA's contributions based on SEAPA's fiscal years ended. All contributions are recognized in expense/expenditures when paid. There is no net pension liability associated with this plan at this time.

2. Alaska Electrical Pension Plan

Schedule of Contributions

- This table is based on SEAPA's contributions based on SEAPA's fiscal years ended. All contributions are recognized in expense/expenditures when paid. There is no net pension liability associated with this plan at this time.

Government Auditing Standards Report



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
Southeast Alaska Power Agency
Ketchikan, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Southeast Alaska Power Agency as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Southeast Alaska Power Agency's basic financial statements, and have issued our report thereon dated August 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Southeast Alaska Power Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southeast Alaska Power Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southeast Alaska Power Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Southeast Alaska Power Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
August 12, 2025

Southeast Alaska Power Agency

Schedule of Findings and Responses Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes

X no

Significant deficiency(ies) identified?

___ yes

X (none reported)

Noncompliance material to financial statements noted?

___ yes

X no

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.