

MEMORANDUM

TO: MAYOR LYNN AND BOROUGH ASSEMBLY
FROM: KARL HAGERMAN, UTILITY DIRECTOR 
SUBJECT: WRANGELL JOINT RESOLUTION BACKGROUND
DATE: 4/14/26
CC: STEPHEN GIESBRECHT, BOROUGH MANAGER
STEVE HARBOUR, UTILITY DIRECTOR (INCOMING)

As new projects are being planned in both Petersburg and Wrangell that will draw on the SEAPA generation and transmission system that we share, a joint resolution has been initiated by the City and Borough of Wrangell. This memo provides details on several points which will help explain this topic and answer some questions.

SEAPA Power Sales Agreement

The SEAPA Power Sales Agreement (PSA) dedicates all firm power from Tyee Lake to the member communities of Petersburg and Wrangell (aka the north end) as the priority customers. Additional dedicated power may be sold to Ketchikan if excess power exists, per the annual operations plan. However, there is no language regarding the allocation of the north end power between Petersburg and Wrangell. The resolution puts a finer point on this issue by stating that in times when the maximum output of power is reached, namely during cold weather peak shaving*, the allocation should be considered equal between the two communities. This even split of power sets the table for how peak shaving generation is shared, and further how each community will be required to supply generation to support the power use in their community as needed.

Cooperation and Coordination for Power Allocations

By approval of the resolution, the communities agree that they will consult and coordinate with each other when planning projects that will add significant loads to the north end of the SEAPA grid, including the discussion of project details that quantify power demands from SEAPA. This is an open line of communication that is important for planning on whether a specific project will require local generation support by either community. The goal would be to inform each Assembly of increasing load demands from our shared SEAPA power resource and communicate the commitment from each community to supply generation to support those loads as needed. i.e. each community will support their power needs above their share of SEAPA's capacity and not expect their neighbor to support their expansion or development with generation when Tyee's maximum output is reached.

Local Generation During Maximum SEAPA Output

The general arrangement will be that each community will provide for local generation if their power loads are over 50% of the Tyee output and Tyee is maxed out, per the annual Operations Plan. If both communities require more than 50% of the available power from Tyee, they will share the burden of local generation for the north end of the system. It is

*Peak shaving refers to a utility bringing on additional diesel generation to cover system load "peaks" when SEAPA generation is at its maximum capacity and cannot meet the full firm power needs of the communities. Normally needed when winter temperatures are in single digits and heating loads increase dramatically.

important to note that once the Tyee third turbine is built in 2027, diesel burn to support winter peak shaving will be eliminated for many years.

Conclusion

This resolution does not change the terms of the SEAPA PSA, but it does enter into an understanding of how the communities will view their portion of the Tyee Lake output; that they will work cooperatively to share that resource; and how any overages of the maximum available power from Tyee will be supported by each community.

I'll be happy to answer any questions that the Assembly may have about this resolution.