

SEAPA Update to Assembly

Board of Directors meeting of December 10, 2021

Bob Lynn, Voting Member & Karl Hagerman, Alternate

Wholesale Power Rate Increase

- ▶ Unanimous approval of the first rate increase in over 23 years.
- ▶ The wholesale rate will increase by one quarter of a cent per kilowatt-hour.
- ▶ Previous rate: 6.8 cents/kwh New rate: 7.05 cents/kwh
- ▶ Caused by inflation, new debt service on large projects (submarine cable), 4R plan levelized annual payments, vegetation management program, etc.
- ▶ Petersburg Assembly is currently considering passage of Ordinance 2021-18 which includes rate increases that took into account this impending wholesale increase.
- ▶ Future wholesale increases may be needed by SEAPA.

SEAPA Capital Projects 2021

- ▶ SEAPA's Engineering Director provided excellent information in regard to the amazing amount of large and complex capital projects completed by the agency in 2021.
- ▶ Notably, the submarine cable replacement was completed to the benefit of Petersburg at a cost of \$12.5 million.
- ▶ SEAPA staff worked extremely hard in this year to produce a high volume of work at a very high quality.
- ▶ Savings to projects overall in 2021 amounted to over \$2.8 million - a direct benefit to all communities served by the agency.

Capital Project List

Project	% Complete	Estimate/Bid	Budget	Total Cost	Savings	Notes
Swan Lake Station Service Switchgear	100%	\$2,568,013	\$2,031,000	\$1,992,785	\$575,228	Savings are due to SEAPA completing design and reducing contractor risk
STC-HMI-Historian	50%	\$430,425	\$45,000	\$174,026	Not Complete	STC's phase is complete, HMI/Historian phase is 33% complete
Excitation Brush Vacuum SWL	100%	\$50,100	\$50,100	\$43,199	\$6,901	In-house engineering and labor savings.
Excitation Brush Vacuum TYL	100%	\$59,700	\$59,700	\$56,841	\$2,859	In-house engineering and labor savings.
Partial Discharge Monitors	90%	\$108,229	\$108,230	\$85,930	Not Complete	Project is pending completion once Canadian Contractor IRIS Power can travel to U.S. (Covid Delay)
XFRM Diff Relay Bailey	100%	\$43,420	\$43,420	\$44,903	-\$1,483	3% over budget due to unforeseen component failures at Bailey
Fiber Buildout PSG WRG	100%	\$59,000	\$59,000	\$54,640	\$4,360	PTG sub had items near complete; savings were realized in the field
RTAC KTN (SEAPA-KPU Data Exchange)	100%	\$30,000	\$30,000	\$27,360	\$2,640	Savings due to engineering performed in-house for HMI build
Submarine Cable Stikine Strait	100%	\$14,736,967	\$13,370,352	\$12,496,202	\$2,240,765	Savings due to 3-month negotiations including risk assessment and detailed design/survey data
XFRM Refurbishment SWL-Bailey	100%	\$379,000	\$379,000	\$326,847	\$52,153	Savings due to logistics savings (SEAPA boat) and in-house labor
Totals		\$18,464,854	\$16,175,802	\$15,302,733	\$2,883,423	Overall savings totaling \$2.88M were realized in 2021 due to extraordinary in-house ingenuity, long hours and SEAPA teamwork

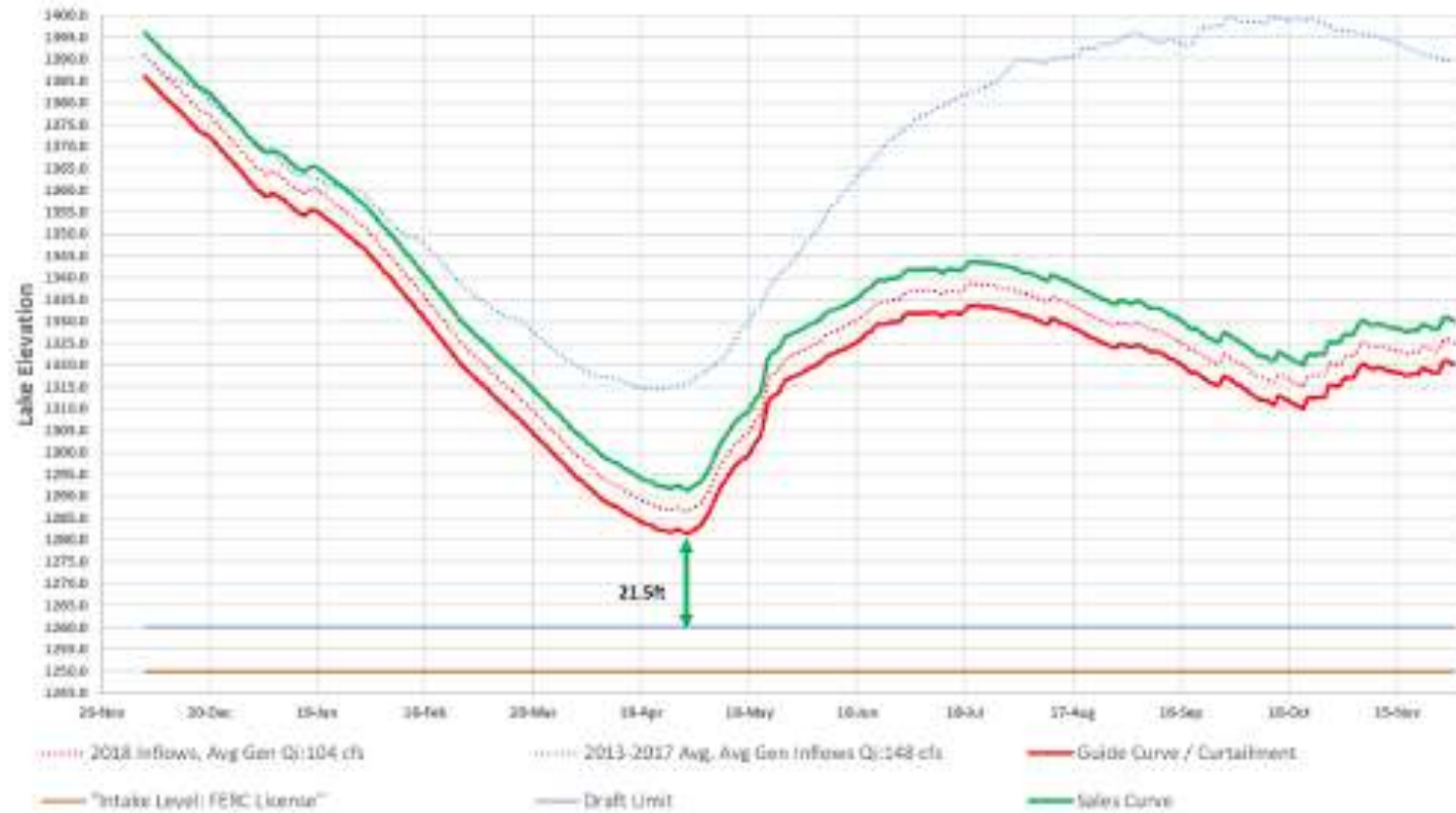
Note: Savings estimates do not include STC-HMI-Historian and Partial Discharge Monitors projects which are not complete. Burnett Peak

2022 Operations Plan Approved

- ▶ Tyee and Swan Lake have been operating at spill for most of the year.
- ▶ Overall, Tyee spilled the equivalent of 64 megawatt-hours and Swan spilled the equivalent of 13 megawatt-hours - all while supplying all communities with firm power requirements and dispatching available firm power at Tyee Lake to Ketchikan.
- ▶ Predictions are for a colder winter, with average precipitation which should provide sufficient snowpack for next year.
- ▶ SEAPA is retaining the guide/sales curve operation for Tyee Lake 2022 which ensures that firm power requirements are met for Petersburg and Wrangell as long as water is available. Sales to Ketchikan will be curtailed if water levels fall below the sales curve.

Tyee Lake Guide/Sales Curve

Tyee Models: 2022 Sales & Guide/Curtailment Curves



FY22 Budget Approved

- ▶ 14 new projects for equipment replacements or upgrades.
- ▶ 9 projects from 2021 that were not completed are carried forward.
- ▶ Bonding for submarine cable project and debt service payments included.
- ▶ Notable projects in 2022 include:
 - ▶ renovation of the fire-damaged Wrangell office/warehouse. Insurance settlement is pending.
 - ▶ Tye Switchgear work which will span approximately three years and cost \$2.3 million.
- ▶ Vegetation management program (brushing and clearing) included.
- ▶ Levelized payments to the Renewal and Replacement fund.

FY 2022 Capital Budget

SOUTHEAST ALASKA POWER AGENCY

Proposed R&R CAPITAL BUDGET - FY2022

RR #	CURRENT R&R PROJECTS	Overall Budget	Expend thru DEC 31, 2021	FY22 BUDGET	FY2023	FY2024	
RR19307	Helipads - Cleveland	\$ 1,481,553	\$ 35,071	\$ 347,000	\$ 1,099,482	\$ -	Helipads Cleveland peninsula (FY22-FY23)
RR19326	Don Finney Ln Headquarters KTN	TBD	106,235	TBD	-	-	SEAPA headquarters and shop
RR19331	STCS-HMI-Historian Upgrade	450,000	172,680	277,320	-	-	STCS, HMI & Historian modernization
RR20339	Guy Thimbles	360,200	208,782	151,418	-	-	Guy Thimbles replacement on STI
RR20343	Partial Discharge Monitors SWL	108,230	85,930	22,300	-	-	Partial Discharge Monitor Swan Lake
RR20345	Stationary Winch SWL	43,500	11,045	32,455	-	-	Stationary Winch at SWL (late Dec delivery)
RR21350	Bunkhouse SWL	1,124,000	-	1,124,000	-	-	Replace bunkhouse at SWL
RR21356	Office Unit SWL Housing	15,000	4,060	10,940	-	-	Cabinets and fixtures (delivery delay)
RR21361	XFMR Circuit Switcher WRG	401,300	-	401,300	-	-	Transformer bushings refurbishment
Approved R&R Projects Subtotal		\$ 4,090,018	\$ 623,803	\$ 2,366,733	\$ 1,099,482	\$ -	-
NEW R&R PROJECTS		Overall Budget		FY2022	FY2023	FY2024	Capitalization Threshold \$10K
RR00022	15kV Switchgear TYL	\$ 1,211,000		\$ 80,000	\$ 708,465	\$ 422,535	Reliability - 15kV switchgear replacement
RR00022	Airstrip Resurface TYL	235,000		235,000			Resurface Tye Lake airstrip
RR00022	Annunciators SWL	72,000		72,000			Reliability - Annunciator upgrades
RR00022	EDG Governors-Exciters SWL	77,200		77,200			Reliability - Equipment upgrades
RR00022	Fire Service Panel SWL	67,000		67,000			Safety - Fire panel no longer supported
RR00022	Housing Roof-Siding TYL	102,800		102,800			Employee housing refurbishment
RR00022	Inlet Valve Ctrl System SWL	106,150		106,150			Reliability - Inlet valve replacement
RR00022	Intake Gate Refurbish SWL	18,400		18,400			Reliability - Gate stem refurbishment
RR00022	Reservoir Debris Site SWL	41,000		41,000			Reliability - Facilitating log removal
RR00022	Standby Gen KTN	15,000		15,000			Reliability - Operating during outages
RR00022	Station Service Switchgear TYL	2,330,400		230,000	1,211,890	888,510	Reliability - Replace station service switchgear
RR00022	Substation Refurbishment PSG	198,000		198,000			Reliability - Equipment life extension
RR00022	Vibration Monitoring Equip SWL	15,000		15,000			Regulatory - Dam monitoring
RR00022	Warehouse-Office WRG	600,000		600,000			Rehabilitation of existing structure
New R&R Projects Subtotal		\$ 5,088,950		\$ 1,857,550	\$ 1,920,355	\$ 1,311,045	
TOTAL Budgeted R&R Projects		\$ 9,178,968	\$ 623,803	\$ 4,224,283	\$ 3,019,837	\$ 1,311,045	-

¹Total Overall Budget Includes \$106,235 for RR19326

4R Plan Approved

Renewal, Replacement & Risk Reserve

- ▶ All assets evaluated on current condition and remaining life cycle length.
- ▶ Cost estimates provided for R & R in today's dollars, then adjusted to reflect inflation at the time of the work.
- ▶ Lays out a 30-year plan for accomplishing the work to maintain equipment and systems.
- ▶ Updated every 5 years.
- ▶ Produces the financial calculations for determining the annual payments into the Risk Reserve fund to accomplish the work when needed.

R&R Proposed Expenditures

Table 2
Total Estimated Total R&R Expenditures
Fiscal Years 2022 – 2051
(2021 Cost Levels - \$000)

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	Swan Lake	Tyee Lake	Total
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Generation Facilities	\$ 18,414	\$ 16,428	\$ 34,842
Transmission Facilities	29,028	112,917	141,943
Rolling Stock	887	1,956	2,823
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Total	\$ 48,307	\$ 131,301	\$ 179,608

Annual Payment to the R&R Fund

Table 7

Required Annual Payment to Dedicated R&R Fund for R&R Costs Fiscal Years 2022 – 2051

Fiscal Years 2022 through 2023	\$ 3,000,000
Fiscal Years 2024 through 2025	\$ 3,200,000
Fiscal Years 2026 through 2027	\$ 3,500,000
Fiscal Years 2028 through 2030	\$ 3,700,000
Fiscal Years 2031 through 2033	\$ 3,900,000
Fiscal Years 2034 through 2035	\$ 4,100,000
Fiscal Years 2036 through 2037	\$ 4,300,000
Fiscal Years 2038 through 2039	\$ 4,500,000
Fiscal Years 2040 through 2041	\$ 4,800,000
Fiscal Years 2042 through 2043	\$ 5,000,000
Fiscal Years 2044 through 2047	\$ 4,600,000
Fiscal Years 2048 through 2051	\$ 3,500,000

Wrangell Storm Damage Repairs

- ▶ November 30th storm was short and intense in Wrangell.
- ▶ Three SEAPA poles were brought down by a large tree at City Park coming down into the transmission lines.
- ▶ Wrangell Municipal Light and Power worked with other local assistance initially to restore power to most customers.
- ▶ SEAPA flew a contracted line crew into Wrangell the following morning and they worked with WMLP through the night to repair all poles and get power back on to all residents. Some customers were out of power for about 40 hours.
- ▶ The SE power community came together to offer personnel and materials as needed by the agency, but SEAPA and WMLP came through for their customers. It's always nice to know your neighbors are there if you need them.

Wrangell Storm Damage





Questions?