

THOMAS BAY POWER COMMISSION – BRIEF HISTORY AND PRESENT ISSUES

Thomas Bay Power Commission (Thomas Bay Power Authority or TBPA) was established by nearly identical City Codes in Wrangell and Petersburg on December 16, 1974. The stated purpose of the commission per Ordinance 328.09.30.040:

*“Generally to have full and complete supervision, management and control of the study, design, construction, maintenance, operation and improvement of the hydroelectric project known as **“The Thomas Bay Project”** together with any other hydroelectric project proposed by the Commission within the area of Petersburg/Wrangell or such area which can reasonably and feasibly serve the hydroelectric power needs of the Petersburg and Wrangell communities.”*

This created an entity that would foster cooperation between the two communities, and potentially result in a new, large hydroelectric resource. The initial effort by the Commission was to authorize a study of the hydroelectric potential of Cascade Creek in Thomas Bay by the consultant R.W. Beck. The study was completed late in 1975. No action was taken to pursue development of this project primarily because the State decided to build the Tyee Lake project instead.

With the completion of the Tyee Lake project, including the interconnecting transmission line from Tyee to Wrangell to Petersburg, the entire electrical load of two communities was placed on hydropower. The diesel plants which had been supplying the power then became an emergency standby source only.

With the electric energy future for the two communities secured for decades to come, the purpose of the Commission then became, per City Code 3.68.120:

*“Generally, to have full and complete supervision, management and control of the study, design, construction, maintenance, operation and improvement of the hydroelectric project known as the **“Lake Tyee Hydroelectric Project,”** together with any other hydroelectric project proposed by the commission within the area of Petersburg/Wrangell or such area which can reasonably and feasibly serve the hydroelectric power needs of the Petersburg and Wrangell communities;”*

Some studies were done, but the State basically provided a complete, operational project which they maintained themselves. Subsequently, the State contracted with TBPA for the operation and maintenance (O&M) of the project. This contract was then passed on to the Four Dam Pool Power Agency to whom the State divested (sold) the Tyee Lake Project; along with Terror Lake (Kodiak), Solomon Gulch (Copper Valley) and Swan Lake (Ketchikan). And finally, after the reorganization of the Four Dam Pool, the contract for O&M of Tyee was now with the Southeast Alaska Power Agency (SEAPA).

So TBPA’s role shifted from the project development mode to a strictly O&M function as authorized under 3.68.150 Operation and Maintenance of Lake Tyee Hydroelectric Project:

“On approval by resolution of the city council, the commission may enter into an agreement as an agent of the city to maintain and operate the Lake Tyee hydroelectric project owned by the state of Alaska.”

TBPA has successfully accomplished this task for many years.

Events in recent years, however, have eroded or removed any cooperative effort by the communities. In November, 2008 Petersburg applied for a FERC preliminary permit for Ruth Lake. At the same time, Wrangell chose to file a competing application in partnership with a private entity, Cascade Creek LLC based out of Bellingham, WA. Wrangell invested \$225,000 in this partnership. The permit was ultimately awarded to the City of Angoon – both Wrangell and Petersburg losing out. Had the communities applied in partnership through TBPA, it is likely they would have been successful. It does point out rather vividly, however, that the communities were headed down different roads.

Another point of divergence is the AK/BC intertie, a transmission line linking Tyee with the British Columbia grid. This has long been a dream for Wrangell along with an associated road. While Petersburg has supported this effort with resolutions both from the City and from TBPA, several lobbying efforts found the communities again at odds, culminating with Petersburg voting to divert AK/BC study funds to the Kake Intertie. Wrangell has not given up on this effort and is still trying to use TBPA as a political platform for their efforts. The Wrangell-appointed commissioners, as well as the Wrangell residents who serve as TBPA General Manager and Secretary, are all strong, vocal proponents of the AK/BC intertie. It is primarily this effort by Wrangell to use TBPA for their own political gain, that has split the commission, and soured the relationship between TBPA and SEAPA.

So, this all begs the question: what is the benefit of TBPA to Petersburg today? Consider the following:

- All TBPA employees reside in Wrangell or between Wrangell and the Tyee plant.
- The entire non-net billable budget (\$110,000) is spent in Wrangell. (Half, or \$55,000 comes directly out of Petersburg Power & Light's budget)
- The entire O&M contract with SEAPA (around \$1.2 million in recent years) is spent in and through Wrangell.
- The accounting for TBPA is taken care of by the City & Borough of Wrangell for approximately \$10,000 per year.
- The TBPA General Manager has served notice that the non-net billable budget will be increasing for FY 13/14.

In summary, I would submit that there is now no reason for Petersburg to support monetarily, or actively participate in, the operation of TBPA. Our long-term power sales agreement is with SEAPA, and they are obligated to supply first-rights power to us from Tyee. Whether they accomplish the O&M of Tyee through TBPA, another contractor, or directly themselves, it really makes no difference to Petersburg. We're simply sending \$55,000 per year to Wrangell, and tie up a great deal of staff time, supporting the operation of TBPA. The time has come for Petersburg to seriously consider whether this continues to make sense.

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