



December 7, 2020

Southeast Alaska Power Agency
Attn: Trey Acteson, CEO
1900 First Avenue, Suite 318
Ketchikan, Alaska 99901

Dear Trey,

Petersburg Borough Assembly deeply appreciates the commitment you and your staff have made to replace the submarine cable that serves Petersburg. Initially upon the failure of the cable, you and your staff took decisive action to restore SEAPA power to Petersburg. Following that action, many months of focused and concerted effort were spent trying to determine the cause of the cable failure, including an evaluation of possible repairs with the spare cable length that SEAPA had on hand. While a prudent step to evaluate the use of the spare cable, and a significant cost savings to the repair project, SEAPA correctly determined that it was not a feasible option.

Once the determination was made that the risk and cost of trying to repair the cable was not a viable option, great effort was put forth exploring additional materials and methods to replace the damaged cable. As technology has advanced in the industry since the current cables were laid some 35 years ago, extensive research on the compatibility of joining the old with the new became part of your action plan.

In what normally would have been a multi-year process to research the failure, arrive at the most feasible solution, develop plans and specifications to achieve that solution in a competitive bid process and award the work, SEAPA operated with efficiency and determination to achieve a contract for the work that will be completed in 2021.

This quick action has been a considerable benefit to Petersburg and our rate payers. Failure of any of the remaining cables between Vank and Woronofski Islands would put Petersburg mostly on diesel power, with Blind Slough as the only available hydro power at that point. Our rate payers would have been impacted by a much higher cost for generating diesel power than the normal cost of SEAPA power purchases. The SEAPA wholesale rate is 6.8 cents per kwh as compared to an estimated cost of 17.95 cents per kwh in order to pay the cost of diesel fuel, oil, operations and maintenance on our local generators. A diesel fuel surcharge would have been needed to assist PMPL with these unplanned diesel generation costs which, given the current economic climate due to the pandemic and back to back dismal salmon seasons in 2019 and 2020, would have been devastating to many businesses and residents.

Words do not express our appreciation for your ongoing dedication and commitment to providing low-cost, reliable power to the member communities. We also greatly appreciate the enduring commitment of the other member communities to the cable replacement project. Petersburg realizes that without Ketchikan and Wrangell's support of the work, SEAPA staff could not have moved with such deliberate and efficient action toward the final solution.

Our thanks goes out to the entire Agency and the Board of Directors for the work accomplished to date on this important project.

Sincerely,

Mayor Mark Jensen

Cc: Robert Sivertsen, Mayor, City of Ketchikan
Stephen Prysunka, Mayor, City and Borough of Wrangell