

From: Trey Acteson <[tacteson@seapahydro.org](mailto:tacteson@seapahydro.org)>  
Sent: Wednesday, January 16, 2019 7:10 PM  
Subject: SEAPA - Operations and System Reserves

Greetings All,

We had a very productive meeting today with Mayor Sivertsen and KPU management. The highlights are as follows:

1. Ketchikan re-confirmed their support for sales to the North out of Swan Lake to help ensure that Petersburg and Wrangell will not be required to burn diesel. The specific period of focus was between now and spring runoff.
2. It was acknowledged by the parties that abnormally dry conditions last fall and early winter did not allow Tyee to refill as expected. This created a condition that could possibly be characterized as Tyee's additional dedicated hydro being slightly oversold to Ketchikan. We can't actually confirm that has occurred until we measure inflows over the next couple of month. If we oversold a little and have to ship the other direction to meet the dedicated requirements of the north, that means we successfully maximized SEAPA's hydro resources. That's a great thing in a tight water year.
3. In order to alleviate some of the risk associated with pending weather uncertainty, the group developed a plan to bolster SEAPA hydro reserves until there is clear indication that the north can make it through to the spring runoff period in early April. This will be achieved by shipping power north out of Swan when it makes the most sense for efficient use of water (e.g. running the Swan hydro units at optimal loads). This will leave more water in Tyee and effectively slow it's draft rate. Reserves in Swan Lake will also be increased through KPU hydro and supplemental diesel generation. The objective is to restore approximately 6,000 MWhrs of the 32,000 MWhrs of additional dedicated power sold to KPU out of Tyee over the last year. This number may be adjusted as inflow trends develop. We will be monitoring conditions very closely to ensure reserves are sufficient.
4. Ketchikan has informed us that they have planned maintenance commitments for this coming week and will need to utilize Swan Lake generation during that period. Swan is anticipated to temporarily dip down to 280' and KPU has committed to maximizing their own hydro generation during this period and possibly integrating supplemental diesel to minimize draft rates at Swan Lake. Upon completion of their planned maintenance tasks, KPU will initiate an extended 24/7 diesel run allowing SEAPA to bank described additional system reserves for the purpose of hedging inflow uncertainty related to serving Petersburg and Wrangell.
5. All predictions indicate that KPU will be required to burn significant supplemental diesel over the next few months. Increasing KPU's diesel generation a little more on the front end will help ensure the dedicated power requirements of the northern communities will be met during the critical period leading up to the spring runoff. It will also provide a larger cushion for all members should there be a major equipment breakdown. In the event that occurs, all member utilities have already indicated a willingness to provide support necessary to restore normal operations and then we would work to reestablish target reserves.

In closing, the measures outlined above are proactive and necessary to address dedicated resource delivery concerns to the north. I greatly appreciate everyone's willingness to adapt and make changes as this dynamic process unfolds. Please don't hesitate to contact me directly if you have any questions.

Warmest Regards,

Trey

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Chief Executive Officer

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