



April 8, 2014

Mr. Robert Sivertsen, Chairman
SEAPA Board of Directors
1900 First Ave., Suite 318
Ketchikan, AK 99901

Re: Wholesale Power Rate

Dear Mr. Sivertsen:

While we appreciate the annual wholesale power rebates from SEAPA, it is increasingly difficult to factor them into the budgeting process. Our SEAPA delegates have, for several years, requested that the wholesale power rate be lowered as appropriate in lieu of annual rebates. However, no action has been taken in this regard. With the rebates, the effective, average wholesale power rate for the past three years is 6.13 cents, as opposed to 6.8.

We are, therefore, asking that this be given serious consideration. Knowing the actual cost of power in advance of the FY budgeting process would take away a lot of guesswork. In addition, SEAPA would be living up to its promise made during the Four Dam Pool to SEAPA transition that the wholesale power rate would be lowered after all contingency "pots" were filled. Filling the "pots" was expected to take five years, but in fact has taken less than three. The Agency now has enough history to accurately predict its financial performance, so that a modest lowering of the rate would not adversely impact the on-going operations, and would be sustainable. There would be no need to "yo-yo" rates.

Thank you for your time and attention to this matter. We will be asking our delegates to again bring this subject up during the year-end review of SEAPA's financial performance.

Sincerely,

Cindi Lagoudakis
Vice Mayor

Cc Wrangell & Ketchikan