



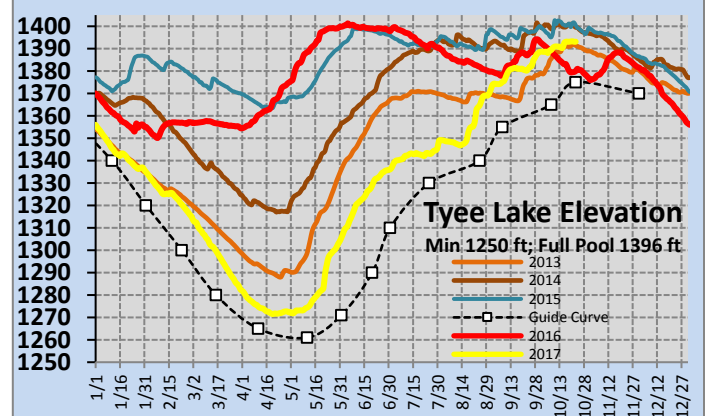
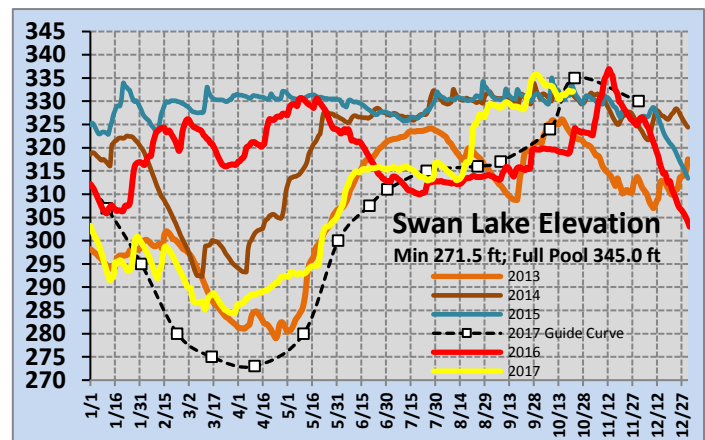
SEAPA's CEO testifies in Washington D.C.

LEGISLATIVE INITIATIVES: I testified before the House of Representatives Subcommittee on Federal Lands in Washington D.C. on October 11 in support of H.R. 219, the Swan Lake Hydroelectric Project Boundary Correction Act (Bill Sponsored by Congressman Don Young). The purpose of this bill is to correct a survey error and convey approximately 26 acres of National Forest Lands as they were originally intended to be transferred to the State of Alaska pursuant to the Alaska Statehood Act. The survey error was discovered in 2012 while SEAPA was performing due diligence for the Swan Lake Reservoir Expansion Project. Completing the transfer as originally intended will help ensure consistent management decisions related to the Swan Lake Project and ease administrative burdens.

As reported last quarter, SEAPA is part of a group of Alaska hydro project owners that collectively challenged a 71% increase in federal land use fees imposed by the Federal Energy Regulatory Commission (FERC). One of FERC's first actions after it established a quorum was to rule on the lands case. The ruling was a significant win for Alaska hydroelectric project owners. The Notice of Proposed Rulemaking (NOPR) broadens the area that land values are based, which should help stabilize any

future increases and lowers the existing increase by 25%. Our group recently filed follow-up comments to the NOPR under the subsequent comment period, requesting clarification that the adjustment be retroactive to last year and to establish a placeholder for future challenges if necessary.

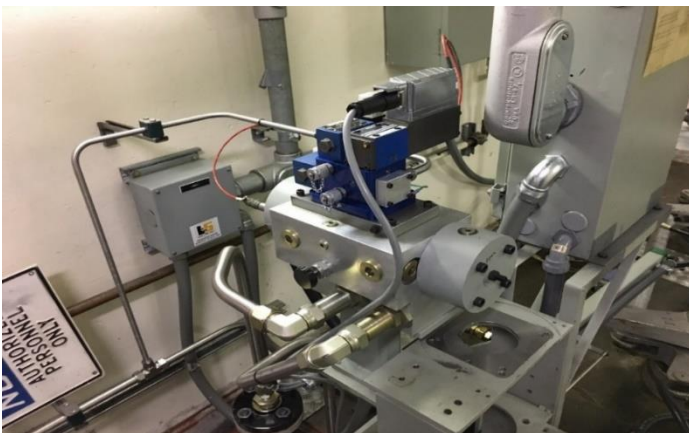
RESERVOIR LEVELS: SEAPA reservoir levels have recovered well since last spring and neither hydro project has spilled during this calendar year water cycle. We are already realizing the benefit of the Swan Lake Reservoir Expansion Project. As indicated on the trend chart below, an additional six feet of inflows were captured in the Swan Lake reservoir above the previous spillway elevation of 330 feet. This water would have been lost as spill in the past, but will now provide additional energy to offset any member utility's diesel generation.



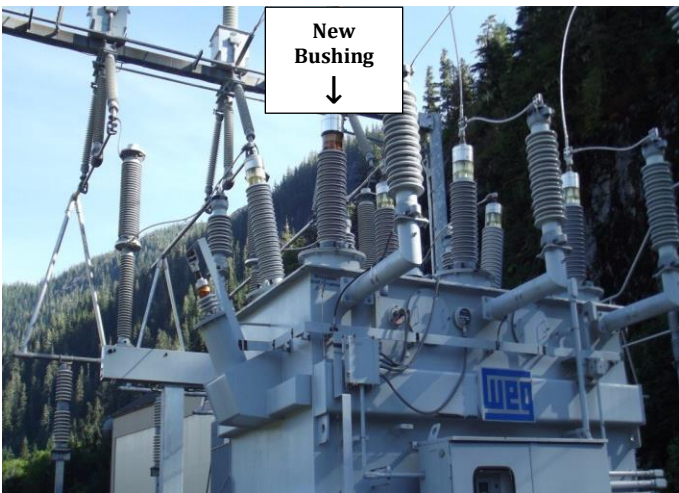
3rd QUARTER ACTIVITIES: SEAPA maintains a robust renewal and replacement program to help ensure safety and long-term system reliability. Staff made great progress in the engineering, procurement, and execution of several important projects during the 3rd quarter.



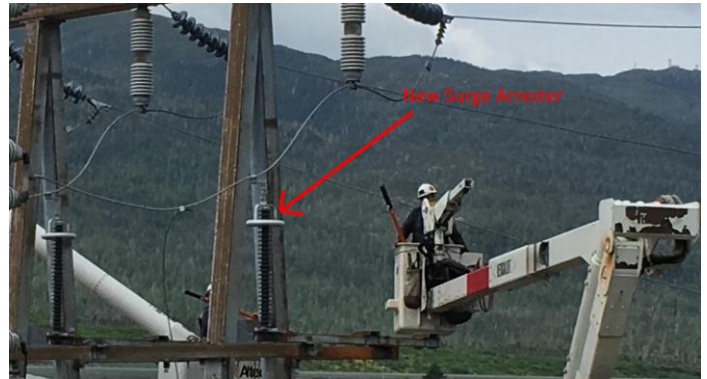
All twelve (6 per turbine) needle restoring mechanism position feedback assemblies were replaced with an improved design that will enhance reliability and serviceability (brass colored).



Tyee governor manifolds were replaced (blue part).



A damaged transformer bushing was replaced in Tyee Switchyard.



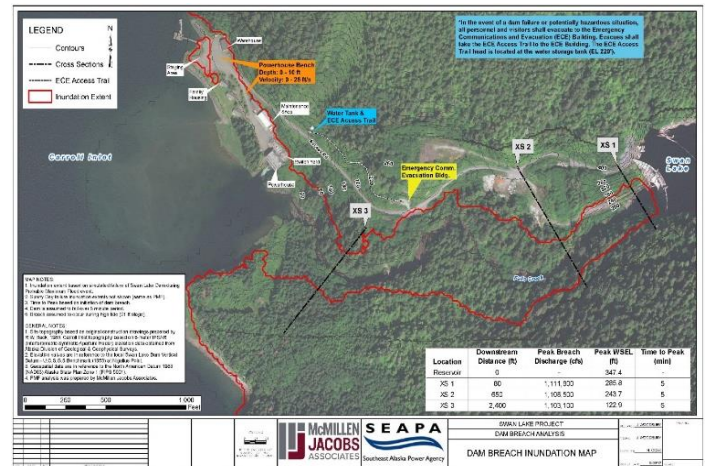
Replacement of 98kV Maximum Continuous Operating Voltage (MCOV) Surge Arresters located in the Bailey Substation.



Installation of a new 125VDC Distribution System at Swan Lake will create redundancy, increase reliability and enable standard maintenance to be performed without requiring a powerhouse outage.



Over 100 Tyee transmission line marker balls were updated with larger, higher visibility replacements. The old original balls were faded, and some had slipped in position. Marker balls are attached to overhead transmission lines to make them more visible in areas frequented by aircraft. This challenging removal and installation job required a specialty crew, with two linemen suspended on a longline from a helicopter!



Swan Lake Inundation Map and Emergency Action Plan Updates.

The Federal Energy Regulatory Commission (FERC) issued new formatting requirements for all Emergency Action Plans (EAP) in 2015. The Swan Lake EAP has been rewritten to conform to the new requirements. In addition, the EAP inundation study and maps were updated to reflect the new reservoir elevation of 345.0'. The EAP has been submitted to FERC for review and approval. Once approved by FERC, a new EAP will be issued to all plan holders. The new inundation study revealed the possibility of flood water elevations reaching the Dam access road and obstructing access to the Emergency Communications Building (ECB) in the most extreme possible inundation event (worst case). To address this concern, a foot trail was constructed to provide an alternative route from the domestic water storage tank to the ECB.

RECRUITMENT: SEAPA is currently recruiting for the position of Foreman at our remote Tyee Lake Power Station. Qualified applicants are encouraged to apply online through the SEAPA website.

CONTACT US: SEAPA is headquartered in Ketchikan and welcomes folks to stop by for a visit and look forward to sharing more about our role as your regional generation and transmission entity. We also invite you to visit our website at www.seapahydro.org, which is a great resource for further information.



Public Safety – Enhancement of Swan Lake dam access and plunge pool security gates. Cameras will also be added.



Engineering for Swan Lake marine bulkhead repairs is underway.

*SEAPA
Communities working together
to keep electric rates low!*