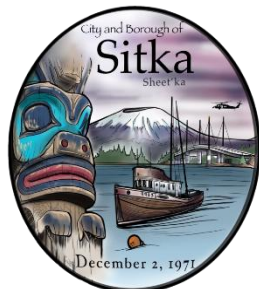


Assembly Report



CITY AND BOROUGH OF SITKA
ELECTRIC UTILITY DEPARTMENT
RON VINSON, ELECTRIC UTILITY DIRECTOR

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GENERAL OVERVIEW

Like much of the community, the Electric Utility Department spent a significant amount of time in the first quarter of 2026 fighting back the impacts of adverse weather conditions. In addition to weather driven work, the Department focused heavily on preparation for spring capital and operational work and performance of standard operations and maintenance activities.

Adverse weather conditions in the first quarter of 2026 caused a range of negative impacts on Department projects including a number of equipment failures resulting in customer outages, and a number of avalanche and smaller land slide events. Between the months of January and March the Department experienced a total of sixteen outages. Outage causes for the outage were primarily due to natural interference (i.e. fallen tree on the powerline), equipment failure, or operational procedure breakdown.

During this first quarter natural interference accounted for nearly a third of all outages, with a majority of these failures caused by tree interference with the transmission line along Green Lake Road. Heavy snow loading, avalanches, and debris slides pushed trees to sag or outright fall onto the transmission lines, causing an outage on the system. Though efforts had been underway in the previous year to remove risk-prone trees, resources were reallocated in early 2026 to remove more risk-prone trees to eliminate such risks going into next winter.

Outages driven by equipment failure were a recurring event throughout the first quarter. Nearly one-third of outages in the first quarter were related to weather-induced breakdown of equipment. The most common failure appeared to be insulation failures, likely due to freeze—thaw impacts. To mitigate this, the Line Crew has been redirected to focus on assessing each of the distribution system’s connection points to identify and replace equipment that is approaching the end of its lifecycle.

Operational procedure breakdown occurred in an incident this quarter, in which an operator at the Blue Lake Powerplant inadvertently caused a generating unit to shutdown resulting in a forced outage. The operator was able to immediately identify the mistake that occurred and begin power restoration procedure. Following the incident, investigation occurred to determine how the mistake could have been prevented. Mitigating measures, including improvements to procedural documentation, training/simulation improvements, and potential control screen reconfiguration are all strategies that are currently being explored to prevent this event from recurrence.

Lastly, in this first quarter of 2026, the Department began gearing up for upcoming capital and operational work. Work began on contracting to ensure that appropriate support will be available to assist with scheduled work. Specifically, during this quarter the Department prepared work for the SCADA Server Replacement, Cable Reel (CR0) Submarine Cable Installation, 69kV Disconnect Switch Replacement, FERC-Requested Safety Improvements, procurement and installation of replacement 33 and 66 breakers, kickoff of the revenue meter replacement project, and the installation and commissioning of a replacement PLC for the Maring Street Substation. as well as a number of upcoming customer jobs. Out of a total of 44 funded capital projects, 2 projects are in a multi-year funding plan, and 27 are moving forward with contracting, design, or construction.

CURRENT CHALLENGES

Current challenges that the Department is facing include:

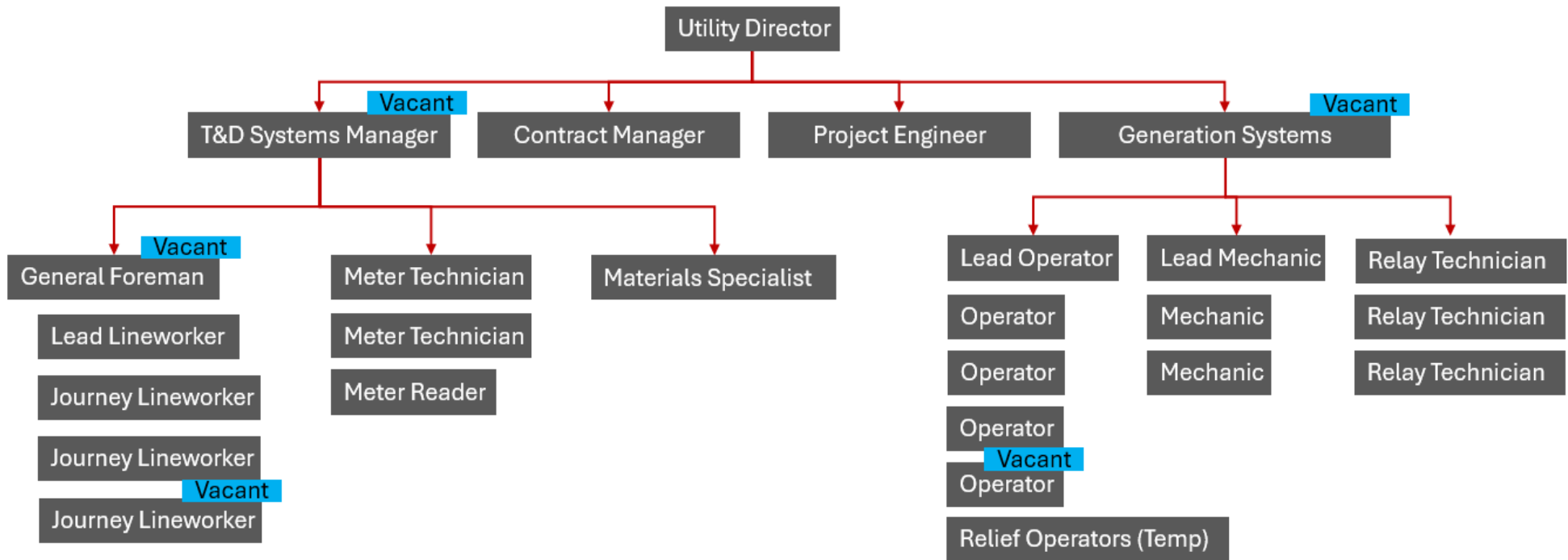
- Equipment deficiencies – the first quarter of 2026 experienced a number of weather-related outages, including equipment freeze-thaw-related failures, and failure due to trees on the powerline. This is primarily seasonal, but the Line Crew is launching an effort to assess each feeder to get ahead of equipment that may be close to end of life. Equipment identified as likely to fail over next season will be replaced as budget allows.
- The department still has several unaddressed areas of safety management. The Department continues to seek safety management improvement through upcoming fall protection contracting, Fire & Life Safety System Analysis, and annual safety training in May.
- Regulatory Compliance – Regulatory requirements continue to increase and increase burden on a workforce that is already at a full-time capacity. The department is facing an onslaught of new requirements for security improvements that will be pushing budget requests in the FY27 budget process.
- Inventory Management – The Department is facing challenges with an aging and unsupported inventory management software. This has resulted in inaccurate Department inventory. Progress has been made by adopting a new inventory management software that has allowed for better data management. The department is continuing to back the new system with improved procedural documentation.
- Staffing – Staffing remains a challenge. The Utility continues recruiting efforts that are pitched against an industry that is going through economic growth. Recruiting management roles, specifically, has been challenging. The Utility will continue to explore opportunities to fill vacancies with contractors and continue to push recruitment efforts.
- Training – The Utility has great staff that are willing to learn and grow to meet the needs of the Department, however, this growth required training. Training has been a major focus over the past budget cycle and will continue to be a focus going into FY27. The Department is finding it challenging to get employees to training without leaving workforce voids. Efforts are continuing to improve this area.
- Overtime – Department Overtime budget has experience an uptick with the increased staffing level of the Line Crew and increase in outages experienced through this last quarter. This is an area that the Department is focusing on balancing to ensure that work is getting completed and the most reasonable cost.

NEXT QUARTER LOOK AHEAD

During the next quarter the Department is looking forward to kicking off and completing a number of critical utility projects and tasks including:

- Continued Budget Development – Final meeting with Assembly, final rate determination with Assembly
- Annual Hands-on Safety Training – May 4th through May 8th.
- Recruitment and onboarding of new staff – Focus on T&D Systems Mgr. and Generation Systems Mgr.
- Onboarding Student Assistants – Late May through Early June
- Installation of replacement submarine cable from O’Connell Bridge to Aleutski Island – May/June
- Installation of Marine Street Substation replacement PLC - June
- Installation of SCADA replacement servers – June
- Installation of improved safety buoys and signage at Blue Lake & Green Lake – May through June
- Award T&D Lineworker Contract – May
- Award Water Conveyance Engineering Contract – May/June
- Advertise Fall Protection Contract – May/June
- Continued coordinated efforts with Sustainability Coordinator to develop Sitka Clean Energy Strategy

ELECTRIC DEPARTMENT ORGANIZATIONAL CHART



Key Notes:

- Full-Time Employees: **25**
- Temp Employees: **5** (4 Relief Operators, 1 Utility Engineer)
- Vacant Positions: **5**

TOP CAPITAL PROJECTS

MARINE STREET SUBSTATION – SIDE A REFURBISHMENT

The Marine Street Substation is split into two sides, “A” and “B”, each of which provides system redundancy in the case that equipment failure occurs. This substation distributes electricity to most of the city and ensuring reliability through the A-B redundancy is critical to provide reliable power to the community. The relay replacement portion of this project was completed in June 2025. The refurbishment of side-A will continue in the Spring of 2026 with the replacement of the PLC and protective devices at the facility. Replacement of the PLC is scheduled to be completed in June 2026.

GREEN LAKE DAM FAILURE DETECTION

This project is focused on installing failure monitoring systems at the Green Lake Dam, in alignment with FERC requests. This project will focus on installing dam monitoring cameras, improved elevation sensors, and failure alarming instrumentation to alert those that may be impacted by a failure event. Planning for this project began in the first quarter of 2025 and construction began in the fall of 2025. Final installation of conduit and camera are anticipated to be completed by June 2026.

GREEN LAKE POWERPLANT REFURBISHMENT – PHASES II & III

The scope of this project includes the refurbishment of both hydropower units at the Green Lake Powerplant. This project has been selected for Department of Energy funding through the 247 Program. The FY26 budget request will bring the CBS portion of the funding to \$7M. The CBS received unofficial award from the DOE that the remaining \$3M is likely to be funded through the DOE’s 247 program. Release of these funds remain on hold due to Federal budgeting constraints. Despite the wait, engineering support for this project is being procured and project planning is scheduled to begin in the summer of 2026.




FERC COMPLIANCE

The scope of this project includes continuing the FERC relicensing process for the Green Lake Development. This project also includes the development of FERC Part 12D reporting for Blue Lake and Emergency Action Plan (EAP) updates for the Blue Lake and Green Lake Developments. During this quarter, FERC-requested studies moved forward. Requested studies have been underway throughout 2025 and continued in 2026. The study period for this work will wind down in 2026.

METER REPLACEMENT PROJECT

The scope of this project includes the replacement of existing revenue meters to facilitate remote meter reading. This improvement will improve meter data collection and reduce the potential for meter read error. Equipment for this project was procured in 2025 and arrived in 2026. Project kickoff and detailed execution planning has begun. Formal work moving forward in May 2026. Project is anticipated to be completed in 2028.

Legend:

 Meeting Objectives	 At Risk of Missing Objectives	 Missing Objectives
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NSRAA WATER TURNOUT PROJECT

The scope of this project is to develop a new water turnout to meet water commitments to NSRAA. During this quarter the Department and NSRAA collaborated to refine design concepts for the proposed water turnout. The proposed design would combine two existing water lines that are in poor condition. This will reduce the overall asset liability associated with the existing turnout point. Efforts are focused on developing project design contract during the spring of 2026. Design and procurement of isolating valve are anticipated in the second half of 2026. Installation to occur during 2027 penstock outage in spring.

69kV DISCONNECT SWITCH REPLACEMENT PROJECT

The scope of this project includes the replacement of eleven (11) 69kV disconnect switches that are beyond their life expectancy and prone to increased failure rates. Funding for these replacements was obtained through reallocation of existing switchyard upgrade funding. New switches have a one-year lead time. Installation is anticipated to occur next spring (2026). These devices are currently shipping and should arrive by the end of April 2026. Installation will occur throughout the remainder of 2026.

REFERBISH GREEN LAKE SPARE TRANSFORMER - COMPLETED

The scope of this project includes the testing and re-gasketing of one single-phase power transformer that serves as a spare unit for the Green Lake Powerplant. This unit currently serves as a spare and is critical to be operational. Recent evaluations have indicated that the transformer may have gas leak issues. This work was completed in early 2026. Refurbishment work appears to be working properly.

REPLACE GREEN LAKE UNIT EXCITATION

The scope of this project includes the full replacement of the unit excitation controls, cabinets, and associated transformers at the Green Lake Powerplant. Existing unit excitation has outdated components and has experienced age and design related failures at an undesirable frequency. Replacement of the system will improve reliability associated with Green Lake unit start-ups. This reliability will help unit startup times, as such, provide a better service to rate-payers. Long-lead equipment has been procured through manufacturer. Anticipated to arrive late summer and be installed mid-fall.

REPLACE CR0 (SUBMARINE DISTRIBUTION CABLE) FROM O'CONNEL BRIDGE TO ALEUTSKI IS.

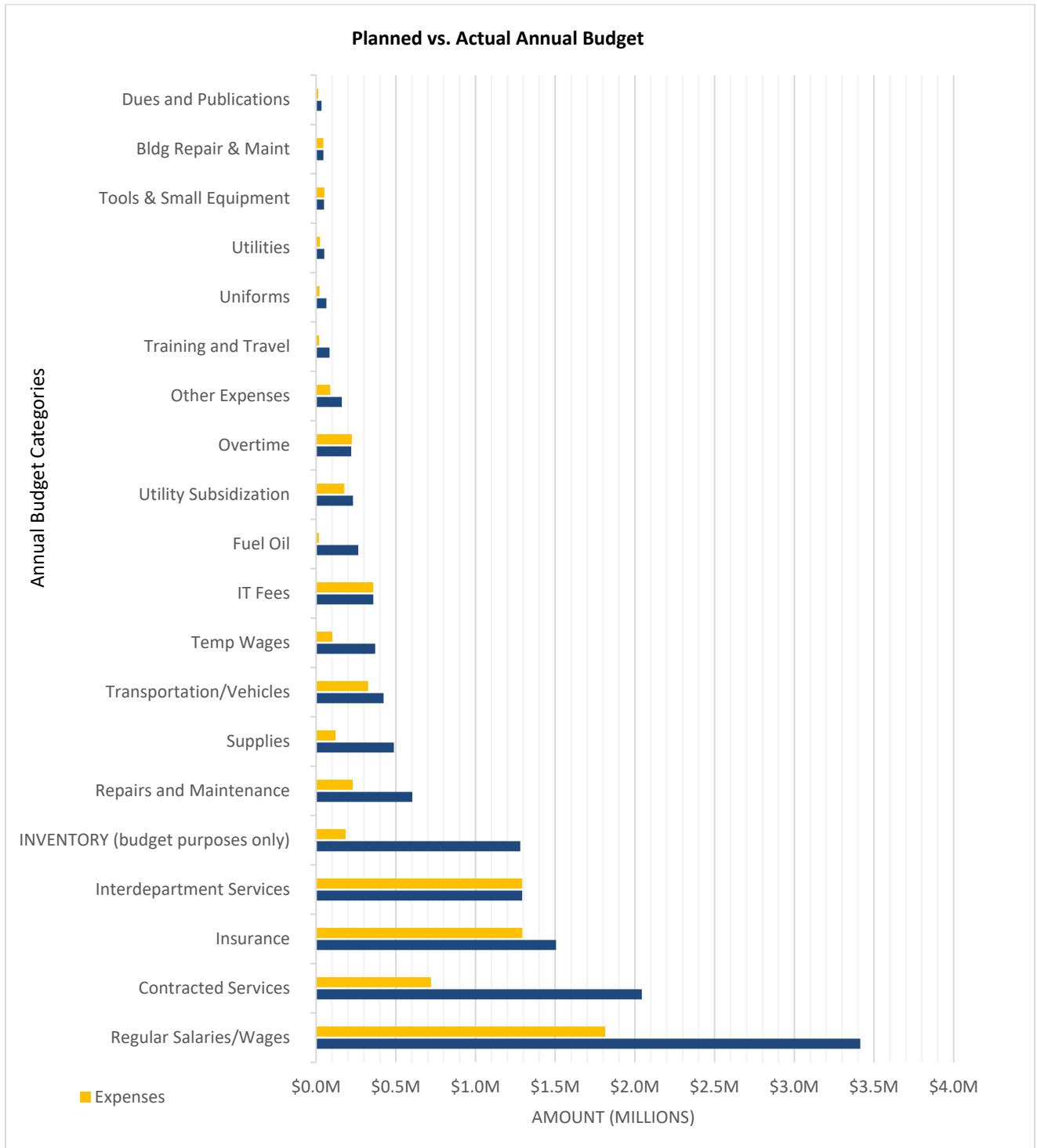
The scope of this project includes the full replacement existing underwater cable that currently stretches between the O'Connell Bridge to Aleutski Island. The existing underwater cable is beyond its service life and degraded. The said underwater cable is the initial run of distribution cable that serves many of the electrified islands south of Japonski Island. Replacing the cable will additionally include a significant amount of permitting to meet requirements mandated by the US Army Corps of Engineers, the NOAA, and DNR. This project is currently being synchronized with the CBS Sea Walk Project to ensure that project phases do not impact island reliability. Environmental permitting was approved and awarded to the CBS during this quarter.

Legend:

Meeting Objectives	At Risk of Missing Objectives	Missing Objectives
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BUDGET

The following chart outlines operational encumbrances, expenses, and remaining budget through 04/20/2026
 The budget is currently 63% expended (cost); the budget year is currently 79% expended (time)



KEY OPERATIONAL PROJECTS

Project Description	Scope	Schedule	Budget
Inventory Management Updates	Review inventory management tools and processes. Make improvements where deficiencies exist.	Work is progressing. Inventory for June 2026 will be fully dependent on new system.	Under Budget
Solicit T&D Support Services	Solicited T&D Work Order Management services to assist with customer jobs and lineman support	New contract is currently being advertised. Will be formally approved in May 2026	Under Budget
Quarterly Preventative Maintenance	This quarter's maintenance included brushing and vegetation management, battery testing, thermal imaging, and dam inspections	These tasks were all completed on-time. Crane inspections completed this quarter. Transformer sampling performed this quarter.	On Budget
Transformer Recycling Roundup	Collected, inventoried, and prepared decommissioned transformers for recycling	Temp Utility Engineer is establishing contracted support to dispose of old transformers.	On Budget
GIS Data Collection	Continued collection of GIS data for utility poles, transformers, vaults, and lines	GPS Technical Support is in the process of being sought through National Lab granted support.	N/A
Student Assistant Program	Student assistants engage in assisting with department projects, undergoing educational training, and safety training	Currently recruiting for 2 students for the upcoming summer	On Budget
Safety and Security Training	Staff undergo annual safety and security training	Annual hands-on safety training is scheduled for May 4 th through May 8 th 2026	On Budget

Legend

- Meeting Objectives
- At Risk of Missing Objectives
- Missing Objectives

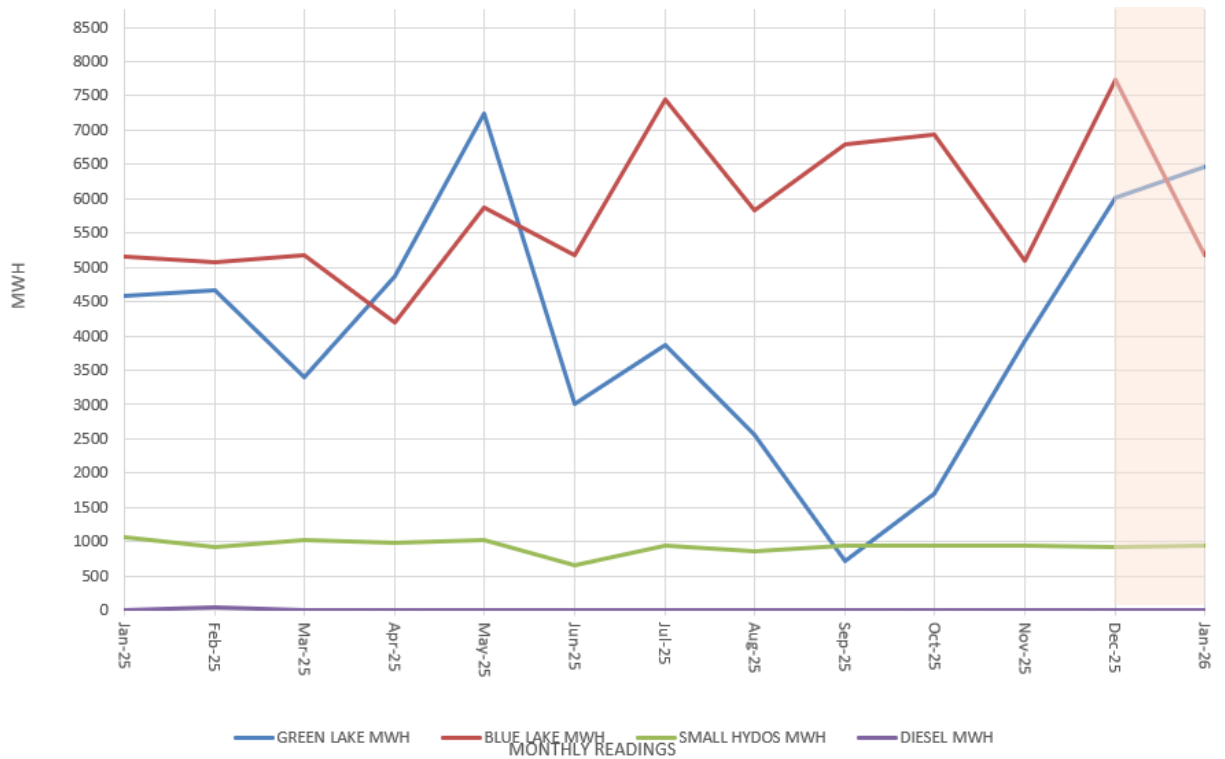
PERFORMANCE MEASURES

UNIT POWER GENERATION – JANUARY 2026

Performance Measure: generation (by type & unit) possible vs. actual.

Generation Unit	Generation Type	Possible Generation	Actual Generation
Green Lake Unit 1	Hydropower (8.0MW)	5,952 MWH	2532
Green Lake Unit 2	Hydropower (9.6MW)	7,142 MWH	3928
Blue Lake Unit 3	Hydropower (7.5MW)	5,580 MWH	0.00
Blue Lake Unit 4	Hydropower (7.5MW)	5,580 MWH	2596
Blue Lake Unit 5	Hydropower (7.5MW)	5,580 MWH	2583
Blue Lake Fish Valve Unit	Hydropower (1.4MW)	1,042 MWH	938
Jarvis Unit 1	Diesel (backup)	Non-Op	Non-Op
Jarvis Unit 2	Diesel (backup)	1,860 MWH	0
Jarvis Unit 3	Diesel (backup)	1,860 MWH	4
Jarvis Unit 4	Diesel (backup)	3,348 MWH	0
Jarvis Unit 5	Diesel (backup)	9,672 MWH	0

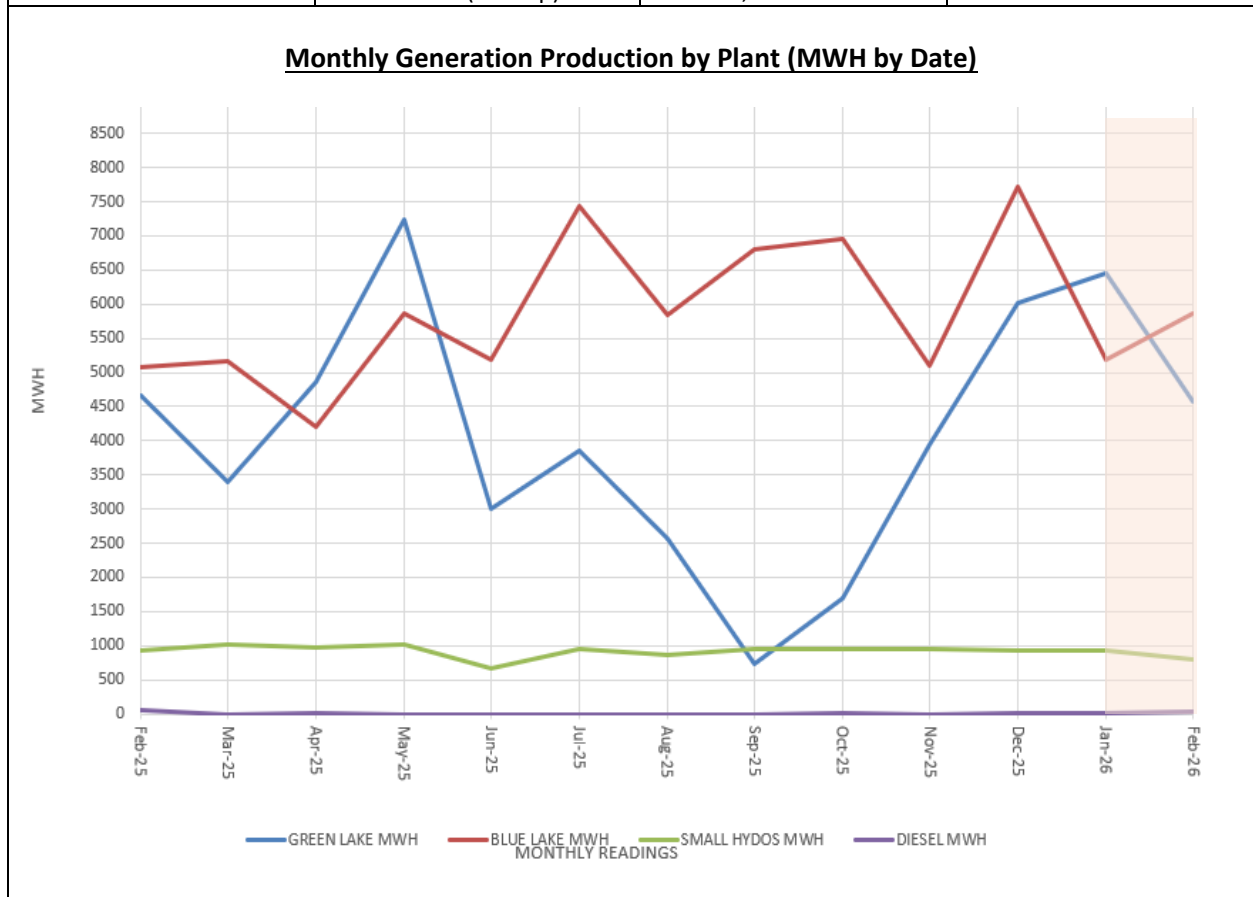
Monthly Generation Production by Plant (MWH by Date)



UNIT POWER GENERATION – FEBRUARY 2026

Performance Measure: generation (by type) possible vs. actual.

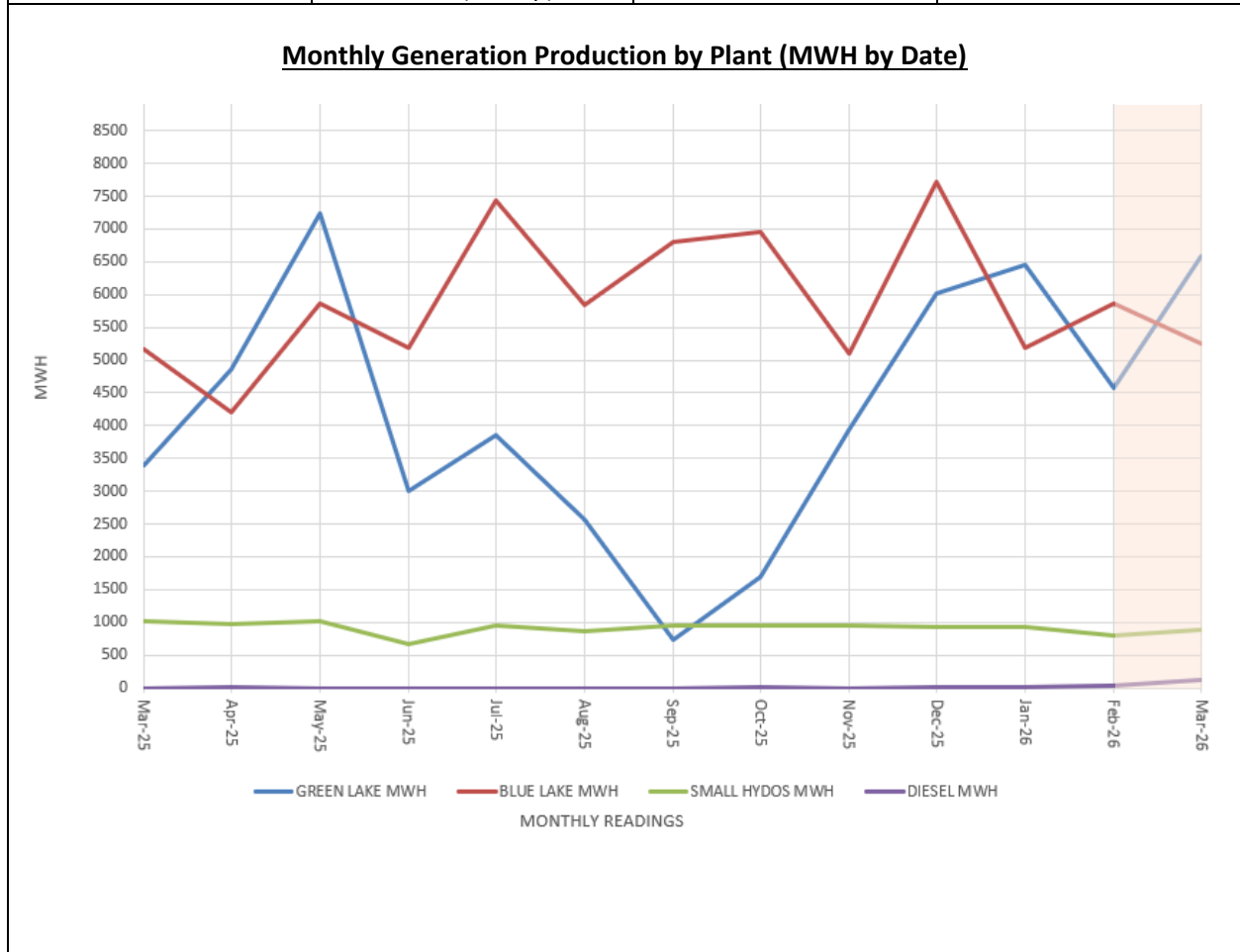
Generation Unit	Generation Type	Possible Generation	Actual Generation
Green Lake Unit 1	Hydropower	5,952 MWH	336
Green Lake Unit 2	Hydropower	7,142 MWH	4229
Blue Lake Unit 3	Hydropower	5,580 MWH	2929
Blue Lake Unit 4	Hydropower	5,580 MWH	1515
Blue Lake Unit 5	Hydropower	5,580 MWH	1424
Blue Lake Fish Valve Unit	Hydropower	1,042 MWH	804
Jarvis Unit 1	Diesel (backup)	Non-Op	Non-Op
Jarvis Unit 2	Diesel (backup)	1,860 MWH	0
Jarvis Unit 3	Diesel (backup)	1,860 MWH	0
Jarvis Unit 4	Diesel (backup)	3,348 MWH	27.5
Jarvis Unit 5	Diesel (backup)	9,672 MWH	0



UNIT POWER GENERATION – MARCH 2026

Performance Measure: generation (by type) possible vs. actual.

Generation Unit	Generation Type	Possible Generation	Actual Generation
Green Lake Unit 1	Hydropower	5,760 MWH	4445
Green Lake Unit 2	Hydropower	6,912 MWH	2139
Blue Lake Unit 3	Hydropower	5,400 MWH	2954
Blue Lake Unit 4	Hydropower	5,400 MWH	1068
Blue Lake Unit 5	Hydropower	5,400 MWH	1227
Blue Lake Fish Valve Unit	Hydropower	1,008 MWH	895
Jarvis Unit 1	Diesel (backup)	Non-Op	Non-Op
Jarvis Unit 2	Diesel (backup)	1,860 MWH	22
Jarvis Unit 3	Diesel (backup)	1,860 MWH	18
Jarvis Unit 4	Diesel (backup)	3,348 MWH	58.7
Jarvis Unit 5	Diesel (backup)	9,672 MWH	15.4



DIESEL GENERATION USE

This performance measure monitors the use of diesel fuel for power generation. The Electric Utility Department operates and maintains five diesel powered generators as backup power suppliers to support the communities energy demands when hydropower units become unavailable. Often these backup units are used to supplement power when the hydropower units or transmission lines are taken offline for maintenance. There are also times when these units are operated as a part of their maintenance procedures. It is a goal of the Electric Utility Department to minimize diesel generator use to in-turn reduce related emissions and reduce ratepayer costs.

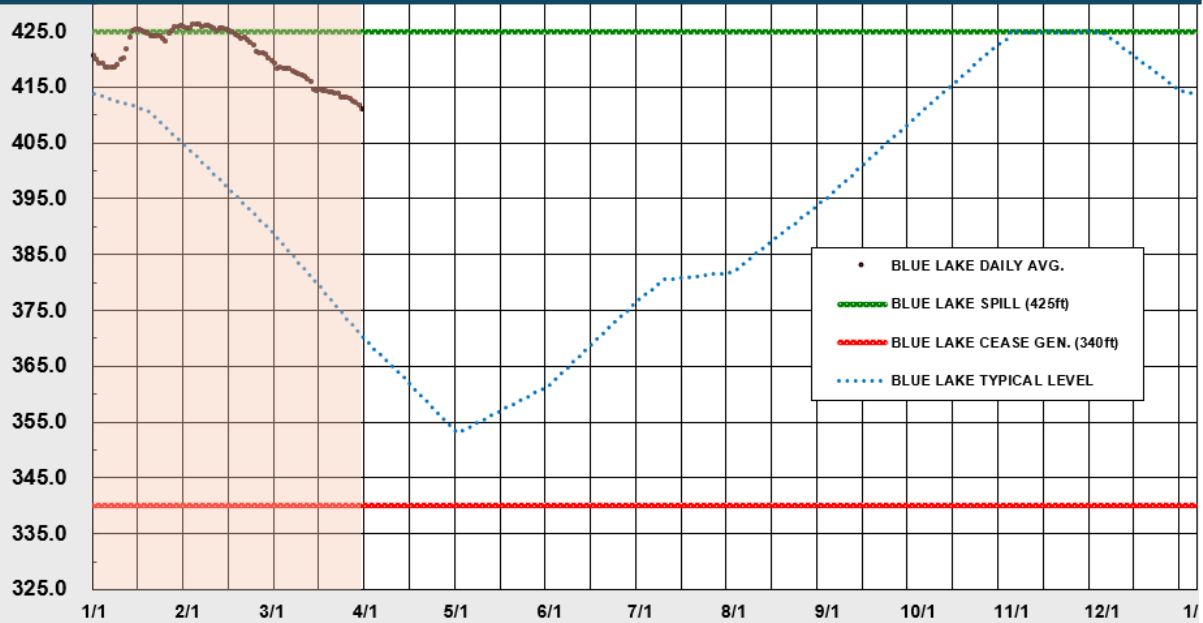
Diesel operation trended higher than normal during this quarter due to outage response, and quarterly unit operations for maintenance purposes.

First Quarter 2025 Totals		
Generation Unit	Operating Hours	Fuel Used (gal.)
Jarvis Unit 1	Unit Decommissioned	n/a
Jarvis Unit 2	0	1962
Jarvis Unit 3	0	1762
Jarvis Unit 4	3	5141
Jarvis Unit 5	1	1782

WATER PLANNING OUTLOOK

This performance measure monitors the lake elevation levels and identifies where current levels are currently. It is the Departments goal to manage water use in a manner that ensures renewable power production and minimized use of diesel backup generation. Managing water to ensure that levels remain within the Rule Curve (Typical Level – as indicated by the blue line in the graphs), helps guide responsible use of water. Currently lake levels look positive going into the upcoming spring & summer seasons.

Blue Lake Reservoir Level vs Rule Curve



Green Lake Reservoir Level vs Rule Curve

