Q2 2026

Assembly Report

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

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QUARTERLY SUMMARY

GENERAL OVERVIEW

The Electric Utility Department experienced a productive second quarter for 2026, marked by meaningful progress across customer service delivery, workforce development, safety compliance, contract procurement, and strategic planning initiatives.

The department successfully completed 14 customer jobs during the second quarter, encompassing a combination of new electrical service installations and existing service upgrades for residential and commercial customers. These projects reflect the department's ongoing commitment to delivering timely, high-quality electrical service connections that support community growth and meet the evolving needs of our rate payers. The completion of these projects represents continued progress in reducing the department's customer job backlog and reinforces our dedication to responsive and reliable service delivery.

In May, the Electric Utility Department completed its annual hands-on safety training program for department personnel. This training is a critical component of the department's ongoing commitment to maintaining a safe working environment for all employees and represents compliance with safety program requirements and applicable regulatory standards. Successful completion of this annual training milestone strengthens the foundation of safe work practices that the department depends on each day.

The second quarter brought significant and positive developments to the department's organizational structure and personnel roster. The Utility welcomed several new team members whose additions meaningfully strengthen the department's operational and technical capacity.

The department onboarded a new Interim Transmission and Distribution Systems Manager during the quarter. This position provides critical day-to-day oversight of the Utility's transmission and distribution operations and plays a key role in supervising field crews, managing customer projects, and advancing the department's capital improvement and maintenance programs.

The department also welcomed a new Generation Systems Manager, filling a key leadership role responsible for overseeing the operation, maintenance, and improvement of the Department’s electric generation assets. This addition significantly strengthens the department's capacity to manage ongoing and upcoming generation projects, including the upcoming Green Lake facility refurbishment effort.

Additionally, the department onboarded two new Student Assistants during the quarter, providing local students with valuable hands-on experience in electric utility operations while expanding the department's capacity to support day-to-day operational and administrative functions. The addition of student assistants reflects the Department’s investment in locally developing the next generation of our utility’s workforce and its commitment to supporting workforce development within the community.

Lastly, this quarter, the Electric Utility Department continued collaboration with the Planning and Community Development Department in support of the development of the Sitka Community Renewable Energy Strategy (SCRES) for the City. This cross-departmental collaboration reflects the Department’s recognition that the transition toward a more sustainable and resilient energy future requires coordinated planning across multiple disciplines and organizational functions.

CURRENT CHALLENGES

Current challenges that the Department is facing include:

- Finances & Budget –
  - The FY26 fiscal year ended with 78% of the operational budget expended (pending final FY26 account settlements). Planned budgets are trending high with 22% of the planned budget unexpended. This will become a focal point during the FY28 budget cycle, as historic data will be used to adjust budgets to more closely match expense rates.
  - The Overtime and Tools & Small Equipment budgets were exceeded in FY26. This did not create an overall deficit in the FY26 budget due to underspent amount in other areas. However, adjustments to the FY27 budget were made to ensure that budgetary estimates are more realistic going forward.
- The department still has several unaddressed areas of safety management.
  - This area is undergoing significant improvement, but still remains an area of caution. A draft respiratory safety policy is currently being developed in preparation for upcoming sandblasting work to refurbish coating on one of the Blue Lake units. Additionally, department-wide safety training took place this quarter.
- 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. The department is beginning to look at options for consolidating all compliance activities into one job for more direct oversight and requirement tracking.
- 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 new inventory management software that has allowed for better data management. Inventory was performed this quarter within the new system successfully.
- Staffing – Staffing remains a challenge.
  - The Utility continues recruiting efforts that are pitched against an industry that is going through economic growth. Recruiting appears to be improving. The department is seeing more lineman applications in response to advertisements. This quarter saw the T&D Manager position get filled by an interim contractor, the Generation Manager position get filled by a full-time employee, and the selection of a qualified candidate for our vacant General Foreman position. The Department anticipates reducing the vacant positions from four, down to one in the next quarter.
- 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.

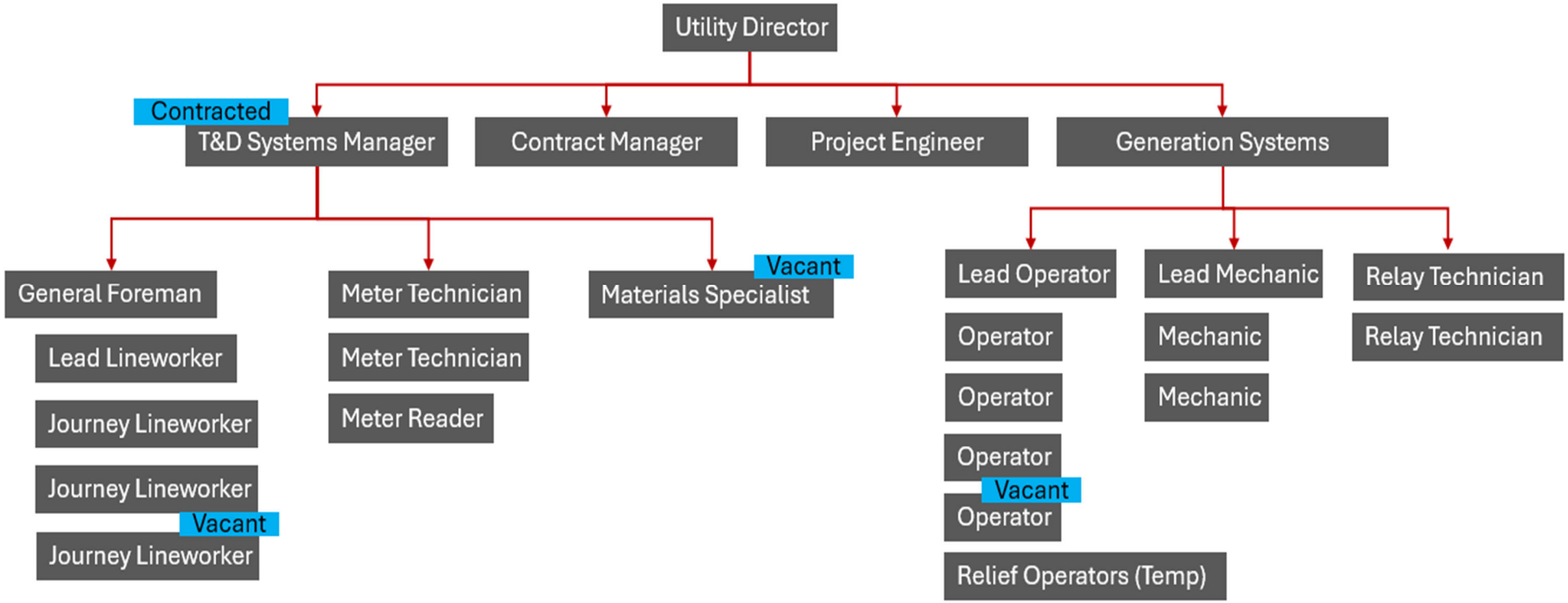
NEXT QUARTER LOOK AHEAD

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

- ☐ Reduction of vacancies (anticipated reducing from existing 4 vacancies down to 1)
  - Onboard new general foreman (this will result in a backfill of the vacant journeyman lineman position)
  - Onboard warehouse materials specialist
  - Onboard plant operator

- ☐ Closeout student assistant duties for the summer as students return to school
- ☐ Installation of replacement submarine cable from O'Connell Bridge to Aleutski Island – end of July
- ☐ Installation of Blue Lake and Green Lake disconnect switches
- ☐ Commissioning of new SCADA servers (these were installed and configured this past quarter)
- ☐ Installation of new FERC-required safety and security signage at both Blue Lake and Green Lake
- ☐ Replacement of Green Lake Transmission Line pole structures
- ☐ Green Lake Road tree removal – clearing to prevent winter interruptions
- ☐ Green Lake Road repairs (culvert replacements and road resurfacing)
- ☐ Green Lake Dam security and monitoring lighting installation
- ☐ Blue Lake Road repairs and resurfacing
- ☐ Blue Lake hydropower unit (B4) annual maintenance teardown and inspection
- ☐ Blue Lake Intake Structure foundation repair planning and design kickoff
- ☐ Planning for NSRAA water turnout upgrade
- ☐ Planning for Blue Lake Penstock inspection and rock trap cleanout
- ☐ Marine Street Substation PLC & Relay replacement planning and design
- ☐ Solar D5 annual maintenance
- ☐ Annual Fire & Life Safety System inspections, testing, and maintenance
- ☐ Award and complete Water Conveyance Engineering Contract – July
- ☐ Award and complete fall protection contract – August
- ☐ Solicit, award, and complete general engineering contract for security installations (gates, fencing, cameras as required by FERC)
- ☐ Thermal imaging inspection and reporting
- ☐ System battery inspection, testing, maintenance and reporting
- ☐ Continued inventory management audits and investigation to ensure data is prepared for auditors
- ☐ Continued installation of replacement cutout devices to reduce freeze-thaw failures during cold months
- ☐ Continued coordinated efforts with Sustainability Coordinator to develop Sitka Clean Energy Strategy
- ☐ Continued FERC Relicensing efforts (submission of stakeholder engagement records)
- ☐ Continued coordination with Planning & Community Development Department to develop SCRES and to continue development of system risk register, microgrid model, hydropower model, and governance
- ☐ Continued development of GIS with PNNL and NLR
- ☐ Continued Insurance compliance data collection and reporting
- ☐ Continued vegetation clearing – a follow-up to FERC request
- ☐ Continued transformer testing and monitoring for dissolved gas
- ☐ Development and implementation of Respiratory Safety Policy
- ☐ Development and implementation of updated Lockout/Tagout Policy and Procedures
- ☐ Receipt of replacement 66 breaker

ELECTRIC DEPARTMENT ORGANIZATIONAL CHART



Key Notes:

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

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 was completed in June of 2026 with the replacement of the PLC at the facility.

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 were complete in June of 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. In May and June 2026 engineering services were established to help move this project forward. Additionally, negotiations for DOE incentive funding were restarted and project scope, schedule, and budget were updated to meet DOE requests.

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 Licensing moved forward and the annual emergency action plan drill at the Blue Lake Dam and Powerplant, were conducted.

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. Initial site collector surveys have been completed, technician training for the new systems, and communications gateway commissioning have all begun.

Legend:					
	Meeting Objectives		At Risk of Missing Objectives		Missing Objectives

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. May and June focused on completing contract documents for a project engineer to performing services for this project.

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). All disconnect switches have arrived on site. Welding service are currently being solicited for switch installation. Switch installation is anticipated to begin in August.

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. System components are currently being manufactured and are anticipated to arrive in December. Installation is anticipated to occur in late spring of 2027.

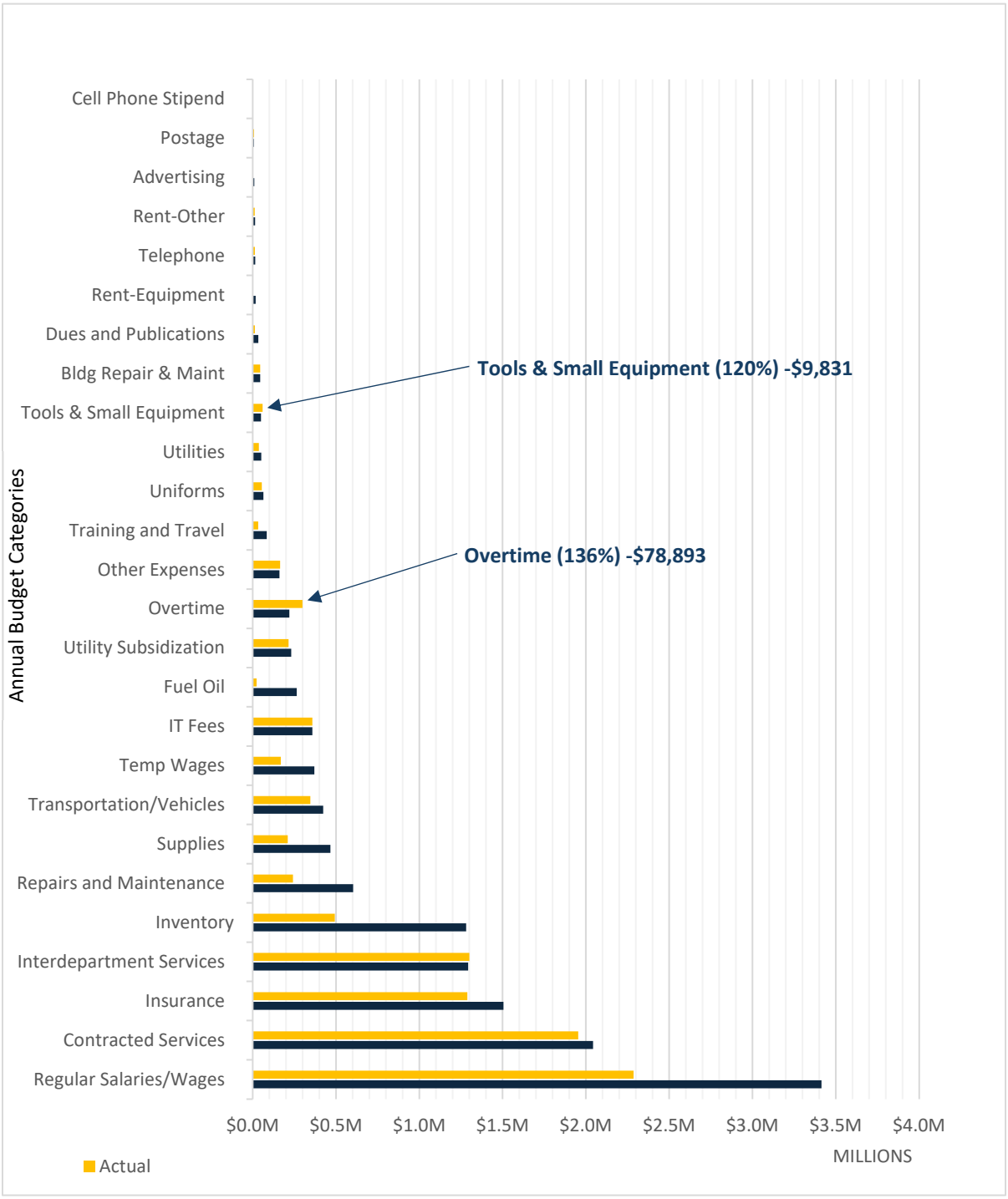
REPLACE CR0 (SUBMARINE DISTRIBUTION CABLE) FROM O'CONNEL BRIDGE TO ALEUTSKI IS.

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. The splicing vault and conduit for this project have been installed. Submarine cable is anticipated to be installed July 30th and 31st.

Legend:					
	Meeting Objectives		At Risk of Missing Objectives		Missing Objectives

BUDGET

The following chart outlines operational encumbrances, expenses, and remaining budget through 07/10/2026
The budget is currently 78% expended (cost); the budget year is currently 100% expended (time). The operational areas of Tools & Small Equipment and Overtime both spent beyond their budgeted amounts. See challenges section.



Planned vs. Actual Annual Budget

KEY OPERATIONAL PROJECTS

Project Description	Scope	Schedule	Budget
Inventory Management Updates	Review inventory management tools and processes. Make improvements where deficiencies exist.	2026 inventory was performed wholly within the new system	Under Budget
Solicit T&D Support Services	Solicited T&D Work Order Management services to assist with customer jobs and lineman support	This work has been redirected as duties under the interim T&D Manager	On 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. IR testing may be delayed due to rescoping	IR test rescoping was not initially budgeted in the Ops budget. This will be additional expense
Transformer Recycling Roundup	Collected, inventoried, and prepared decommissioned transformers for recycling	The department was able to recycle 174 pieces of equipment. This is a huge environmental risk reduction	Completed/On Budget
GIS Data Collection	Continued collection of GIS data for utility poles, transformers, vaults, and lines	GPS Technical Support is currently working on this project with CBS student assistants	N/A
Student Assistant Program	Student assistants engage in assisting with department projects, undergoing educational training, and safety training	Students are currently working. One student is anticipated to remain with the department as they take remote classes	On Budget
Safety and Security Training	Staff undergo annual safety and security training	Annual hands-on safety training was completed in May	On Budget

Legend

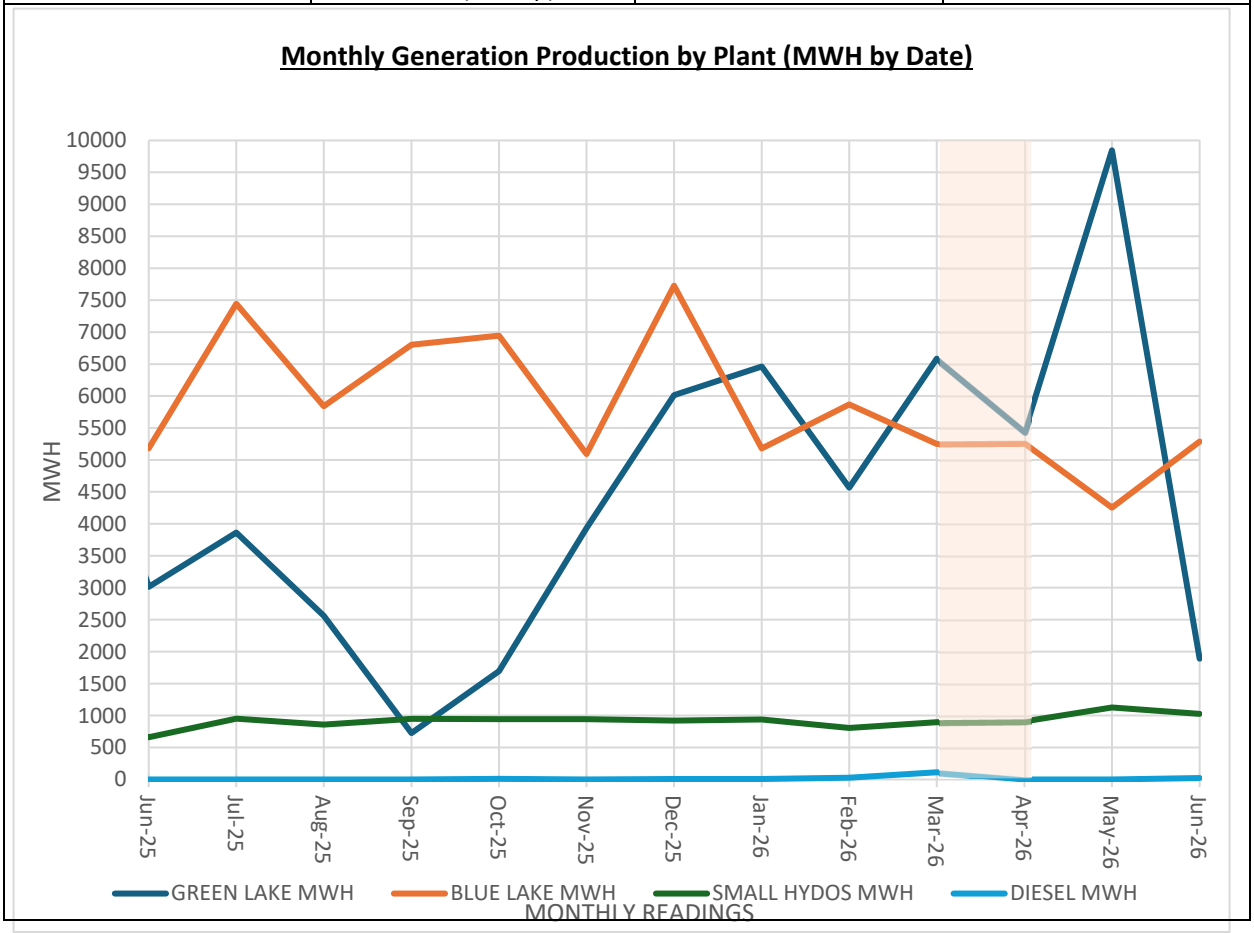
- Meeting Objectives
- At Risk of Missing Objectives
- Missing Objectives

PERFORMANCE MEASURES

UNIT POWER GENERATION – APRIL 2026

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

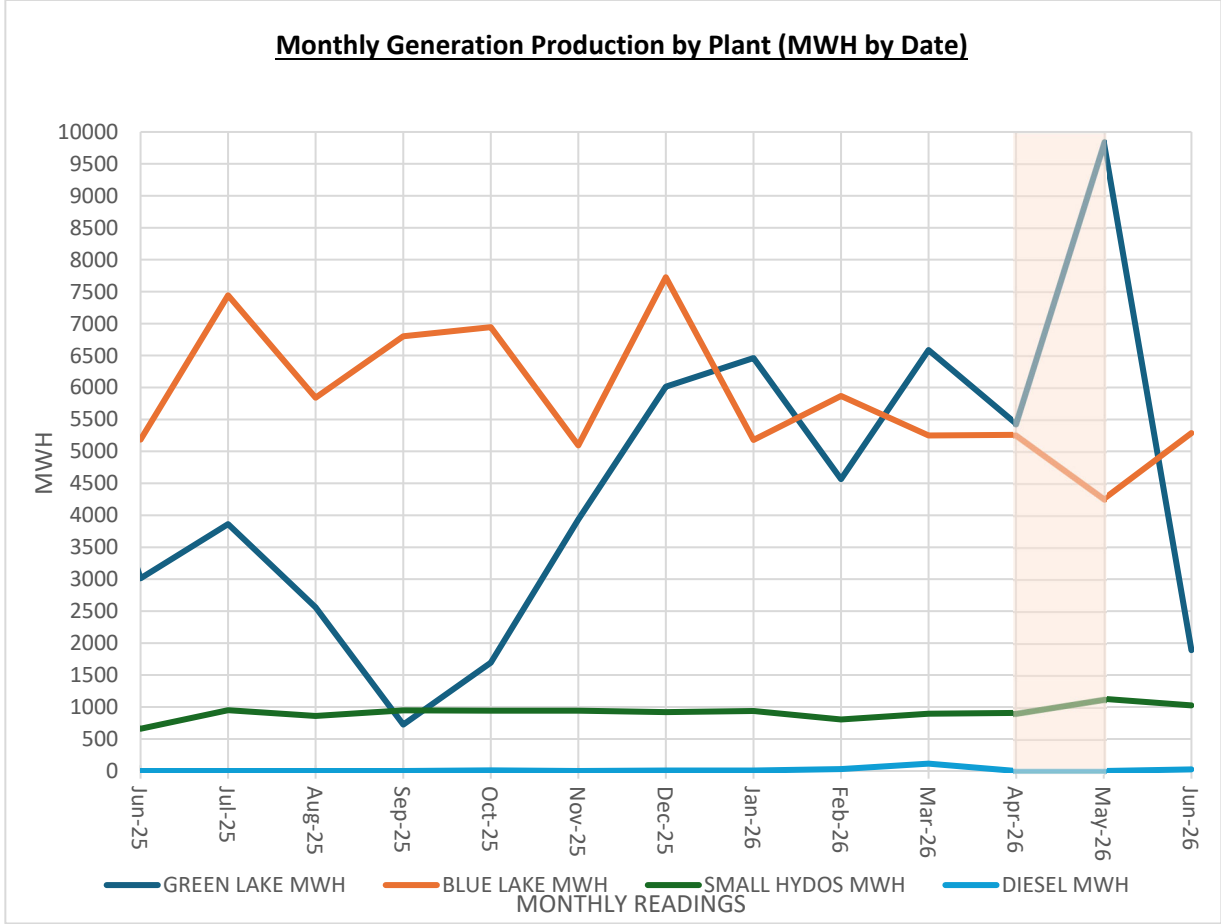
Generation Unit	Generation Type	Possible Generation	Actual Generation
Green Lake Unit 1	Hydropower (8.0MW)	5,952 MWH	1379
Green Lake Unit 2	Hydropower (9.6MW)	7,142 MWH	4053
Blue Lake Unit 3	Hydropower (7.5MW)	5,580 MWH	4574
Blue Lake Unit 4	Hydropower (7.5MW)	5,580 MWH	317
Blue Lake Unit 5	Hydropower (7.5MW)	5,580 MWH	368
Blue Lake Fish Valve Unit	Hydropower (1.4MW)	1,042 MWH	907
Jarvis Unit 1	Diesel (backup)	Non-Op	Non-Op
Jarvis Unit 2	Diesel (backup)	1,860 MWH	
Jarvis Unit 3	Diesel (backup)	1,860 MWH	
Jarvis Unit 4	Diesel (backup)	3,348 MWH	
Jarvis Unit 5	Diesel (backup)	9,672 MWH	



UNIT POWER GENERATION – MAY 2026

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

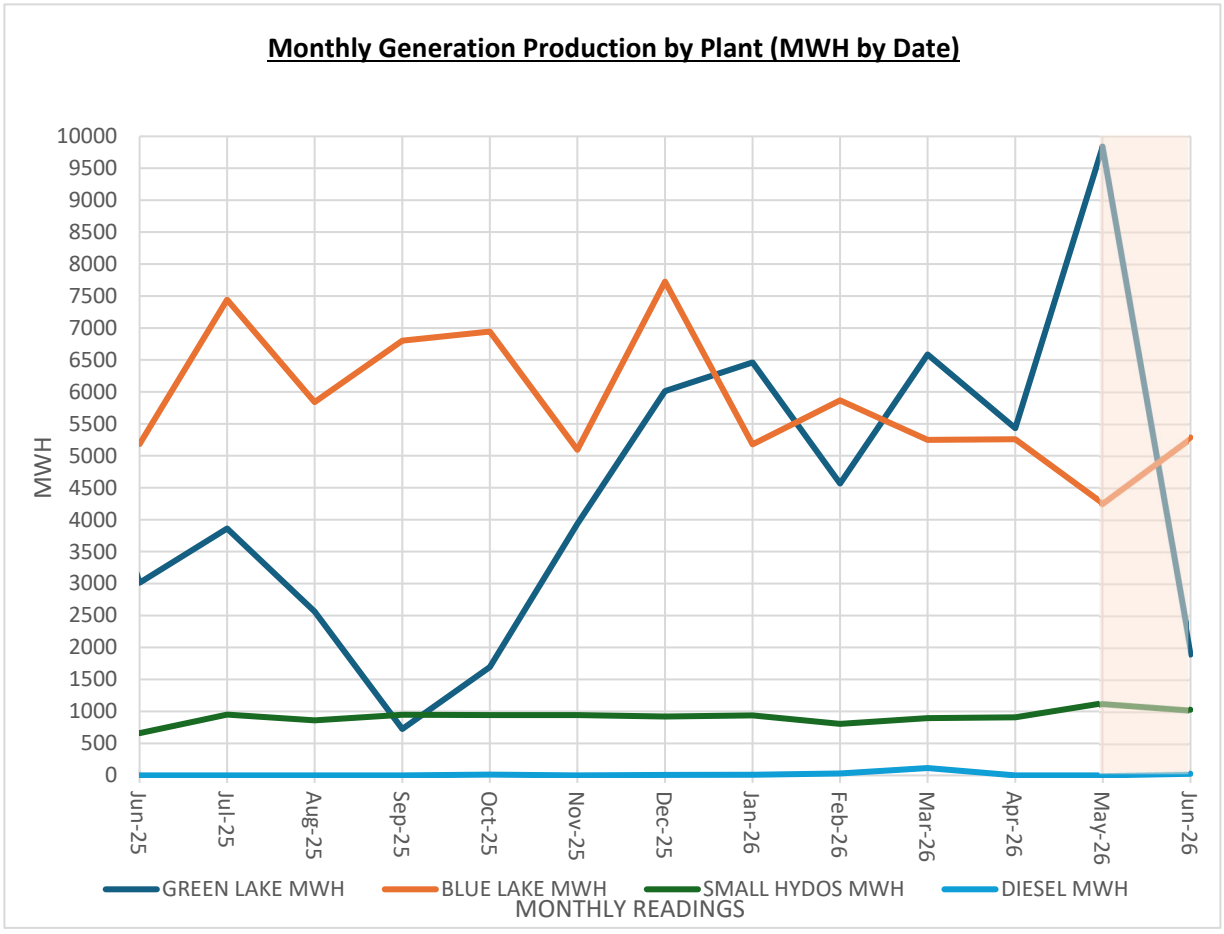
Generation Unit	Generation Type	Possible Generation	Actual Generation
Green Lake Unit 1	Hydropower	5,952 MWH	1381
Green Lake Unit 2	Hydropower	7,142 MWH	3032
Blue Lake Unit 3	Hydropower	5,580 MWH	1048
Blue Lake Unit 4	Hydropower	5,580 MWH	1227
Blue Lake Unit 5	Hydropower	5,580 MWH	1979
Blue Lake Fish Valve Unit	Hydropower	1,042 MWH	1128
Jarvis Unit 1	Diesel (backup)	Non-Op	Non-Op
Jarvis Unit 2	Diesel (backup)	1,860 MWH	
Jarvis Unit 3	Diesel (backup)	1,860 MWH	
Jarvis Unit 4	Diesel (backup)	3,348 MWH	
Jarvis Unit 5	Diesel (backup)	9,672 MWH	



UNIT POWER GENERATION – JUNE 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	794
Green Lake Unit 2	Hydropower	6,912 MWH	1095
Blue Lake Unit 3	Hydropower	5,400 MWH	2284
Blue Lake Unit 4	Hydropower	5,400 MWH	1447
Blue Lake Unit 5	Hydropower	5,400 MWH	1556
Blue Lake Fish Valve Unit	Hydropower	1,008 MWH	1024
Jarvis Unit 1	Diesel (backup)	Non-Op	Non-Op
Jarvis Unit 2	Diesel (backup)	1,860 MWH	
Jarvis Unit 3	Diesel (backup)	1,860 MWH	
Jarvis Unit 4	Diesel (backup)	3,348 MWH	
Jarvis Unit 5	Diesel (backup)	9,672 MWH	



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.

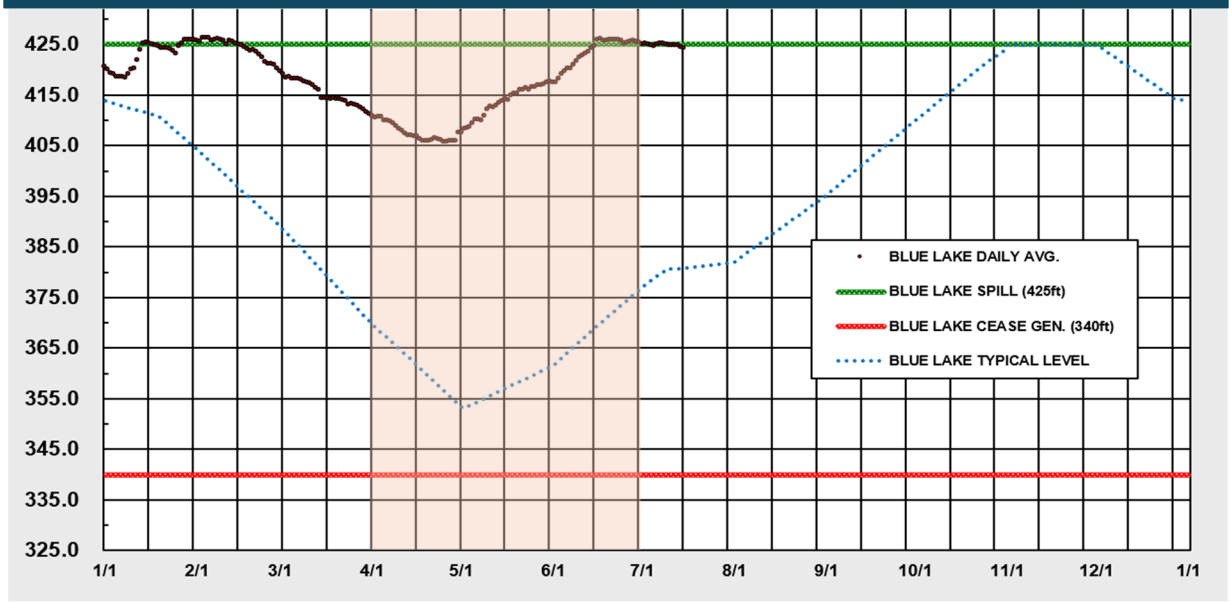
Diesel operation trended higher than normal during this quarter due to outage response, and quarterly unit operations for maintenance purposes.

Generation Unit	Fuel Used (gal.)
Jarvis Unit 1	0
Jarvis Unit 2	189
Jarvis Unit 3	309
Jarvis Unit 4	497
Jarvis Unit 5	1296

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 are aligned with historical trends and appear to be sufficient for normal operation through the next quarter.

Blue Lake Reservoir Level vs Rule Curve



Green Lake Reservoir Level vs Rule Curve