



CENTRAL ELECTRIC COOPERATIVE, INC.

**Testimony of Dave Markham
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Good morning Chairman Hastings and members of the Committee on Natural Resources. I am Dave Markham, President & CEO of Central Electric Cooperative, headquartered in Redmond, Oregon. Central Electric is a distribution cooperative serving more than 32,000 meters across a 5,300 square mile service territory in Central Oregon. I also serve as the President of the Oregon Rural Electric Cooperative Association, the organization that represents Oregon's 18 member-owned not-for-profit electric cooperatives. These co-ops provide power to rural Oregonians with more than 30,000 miles of transmission and distribution lines that deliver electricity to 65 percent of the land mass of the state.

If we look back in history, electric cooperatives played a key role in the electrification of the United States. For more than 60 years, we have had a relationship with the federal agencies that manage our public lands. With 56 percent of the land in Central Electric's service territory federally managed, this relationship has been instrumental to our ability to provide safe, reliable and affordable electricity to rural Oregonians. Today, this relationship has changed in a way that leaves co-op leaders concerned about the safety and reliability of our electrical systems and in some cases even threatens our ability to continue providing electricity to rural areas.

Over the years, Oregon electric cooperatives have experienced increasing challenges and lengthy periods of time when securing approval for routine maintenance, upgrades or replacement of our power lines. Most of this work is driven by not only the need to meet annual state and federal safety requirements but also the need to replace aging infrastructure. These permitting challenges are exacerbated by federal employee turnover which creates conflicting and inconsistent requirements due to wide variability in the new personnel's interpretations of their agency's rules and regulations.

For example, in May 2010, Central Electric began the process of renewing rights-of-way permits with the Bureau of Land Management. These permits are a legal requirement because they allow the utility to have power lines on federally managed lands. Most of these permits were originally issued in the 1950s and 1960s. This was done at little or no cost to the utility because of the shared understanding that these installations were essential to the well-being of rural Oregon's people and economies. Because these permits have an expiration date, Central Electric has submitted 32 permits for renewal with a processing fee of \$45,000 and even after *four years*, we are still waiting for renewed permits. While we fully appreciate the importance of valid measures to protect the government, we must voice concern over efficiency of our federal

agencies when prior to renewal of a permit there is a requirement for completion of an extensive environmental impact study in areas where power lines have been in place for the last 50 years.

More than 38 percent of Central Electric's distribution lines are underground. Some of this underground cable is reaching the end of its life expectancy and is in the process of being replaced. We pride ourselves on our safety record and the reliability of our electric infrastructure. For several years, we have been replacing existing underground cable on lands managed by the Forest Service. The lengthy period of time it requires to acquire approval to complete this work is having an impact on the safety and reliability of the electricity we provide to our members. Central Electric recently completed the replacement of a 2.1 mile section of underground cable, immediately adjacent to a well-developed road in the same location as the prior cable. The Forest Service required 9 months to just approve our application to proceed with the project. Comparatively, our utility can complete a similar project, in its entirety, on non-federally managed lands within one month. Last week, we were informed by the Forest Service that prior to receiving approval to relocate a power pole a distance of 6 feet, it would first require an archaeologist to inspect the site and perform shovel probes.

Not only is maintenance of our electric infrastructure required by state and federal law, it is a requirement stated in the rights-of-way permits issued from the federal land agencies. We are now confronted by an extensive, difficult and expensive application process – including a 30-day public comment period – in order to conduct required routine maintenance on a power line that has existed for more than 50 years. We question the efficiency and need for the burdensome process to gain approval to perform maintenance on our facilities that is already a condition of the right of way permit.

Unfortunately, Central Electric's experience with the land management agencies is not an isolated incident. Other Oregon electric co-ops have experienced similar delays, frustrations and lack of customer service ethic. This type of conduct is unacceptable to utilities not just because of the adverse impact on safety and reliability, but also because our member-owners will suffer the consequences of higher electric rates due to the costs of delays and burdensome permitting activities.

- Midstate Electric Cooperative, headquartered in La Pine, Oregon, sought approval for four (4) permits from the BLM in 2009. One project that consisted of a line extension resulted in the BLM losing the file. They later informed Midstate the deadline for the review process had passed. In 2012, while still waiting for approval they were informed that wind and solar projects took precedence over power line permits. It has now been five years since the initial application was submitted and Midstate is still waiting for approval of these permits.
- Wasco Electric Cooperative, headquartered in The Dalles, Oregon, cited a "horrible experience with the BLM," noting that it required 18 months to receive a permit for 1.5 miles of power line. A process that should have required only one or two months to complete needlessly cost the co-op and its members a significant amount of money due to the delay. Wasco management states that when working with the BLM there is an extraordinary lack of customer service, approachability and accountability.

All of the examples previously cited pale in comparison to the BLM's proposed measures to protect the greater sage grouse in Oregon. In January of this year, the BLM released its Draft Environmental Impact Statement (EIS) for management of the greater sage grouse. While co-ops fully understand the need to protect the sage grouse, measures presented in the EIS would have severe consequences for several Oregon cooperatives.

One proposed measure requires burying power lines that currently exist in sage grouse habitat. Not only is this measure not technically feasible, it is cost prohibitive. Harney Electric Cooperative, headquartered in Hines, Oregon, serves slightly more than 4,000 members spread over approximately 20,000 square miles in southeastern Oregon and northwestern Nevada. Their service territory is approximately the size of the state of West Virginia. Harney Electric has determined the financial impact to burying power lines would cost a staggering \$400,000 per co-op member. Faced with this financial burden they could no longer operate their business and electric service to members would terminate.

Midstate Electric Cooperative, also impacted by the proposal to bury power lines in sage grouse habitat, estimates it would be faced with the financial burden of \$115 million, resulting in a 33 percent rate increase to members. Central Electric, which has 464 miles of transmission and distribution lines through sage grouse habitat, would be burdened with an expense estimated at \$241 million to bury its power lines.

Additional measures proposed in the EIS recommend permanent or seasonal closures of any road currently used to access electric infrastructure. This would limit the ability of co-ops to quickly and efficiently access their infrastructure for mandated inspections and maintenance, and emergency repairs. Catastrophic wildfires are another significant danger. The possibility of this danger is increased by the access restrictions which will inhibit proper maintenance of the right-of-way and restrict a co-op's ability to mobilize and protect their lines when fire does strike.

It is beyond the time that our federal land managers work collaboratively with electric co-ops to develop common sense reform to their current practices. As one Oregon co-op manager noted, "We are not the enemy." These operational and cultural problems will not be resolved overnight and must involve long-term solutions. Co-ops must receive assurances that solutions will be implemented that preserve our history of providing safe, reliable and affordable electricity to our members. If you review the mission statements of our federal land agencies, you will find the words "serving people", "caring" and "productivity." It is my hope there is a revisiting of these mission statements and the words become action combined with results.

Thank you for the opportunity to testify. I would be pleased to answer any questions.