

# PUBLIC UTILITY DISTRICT NO. 2 OF PACIFIC COUNTY



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November 22, 2023

David Turk, Deputy Secretary  
U.S. Department of Energy

Submitted Electronically

Dear Deputy Secretary Turk:

I had the pleasure of meeting you and your staff twice this year. Our first meeting on March 8<sup>th</sup>, 2023, convened at U.S. Department of Energy headquarters with Public Power Council (PPC). Our second meeting on June 14<sup>th</sup>, 2023, held with Senior Policy Advisor John Podesta at Bonneville Power Administration offices in Vancouver convened for the Pacific Northwest meeting on the Federal Columbia River Hydropower System.

As Pacific County PUD's (Pacific) Power Resources Manager, it is my responsibility to manage and oversee all wholesale power supply costs. Pacific is a full requirements customer of Bonneville Power Administration (BPA), and we are members of Public Power Council (PPC) and Northwest River Partners (NWRP). We are a not-for-profit consumer owned utility. For the past 80 years, Pacific has relied on BPA to supply reliable, affordable, and low carbon wholesale electric power. For the past few years, Pacific has in earnest engaged with BPA on the next "Provider of Choice" 20-year contract as our current contract expires in 2028. Accepting long-term power sales contracts is amongst the most significant actions our utility undertakes; we do it with utmost care and thought towards long-term intergenerational impacts that will last well beyond 2044.

Also, as an Officer and Vice Chair of Allocations, Rates and Contracts Committee for PPC, I'm concerned at the lack of *procedural* and *distributive* justice on part of the concealed negotiations between the United States Government (USG) and the select parties from the Columbia River System Operation litigation (CRSO). Council on Environmental Quality (CEQ) engaged Federal Mediation and Conciliation Service (FMCS) to attempt to make progress in resolving issues in the long-running CRSO litigation in the Federal District Court. Yet, those processes have not been fair, transparent, impartial and have not allowed for the intervener defendants to have a voice. Our collective voice was silenced as USG spent five months behind doors negotiating with the plaintiffs without meaningful engagement with us. Any aspirational hope of genuine mediation and conflict resolution was abandoned.

As a result, any USG's potential commitments resulting from these proceedings will carry a shroud of procedural injustice. Nevertheless, we remain sympathetic to both the origin story and importance of salmon and other fish to the Columbia River Basin Tribes and the needs of stakeholders for affordable, reliable clean power. However, Pacific's customers demand decision making to be guided by impartiality, ensuring that biases and politics do not influence the decision and ultimately any outcomes. It would not be uncharacteristic in difficult negotiations for parties to sit in extreme

discomfort jointly but the responsibility on part of FMCS and CEQ would have been to hold separate, independent, and concurrent caucuses with both the plaintiffs, defendants, and intervenor defendants to preserve procedural fairness and to allow for adequate time to review of positions. The fruit from a procedurally unjust tree is unjust.

With respect to distributive justice, it was centuries of oppression by the USG against Native Americans under the Doctrine of Discover, and subsequent Congressional policies of allotment and termination that cost Native Americans and First Nations hundreds of millions of acres of homelands of spiritual, ceremonial, and ancestral significance. Now, potential commitments made by the USG as part of the CEQ-FMCS settlement process, for the atonement of past actions should be borne by the federal taxpayer, and/or fees on non-Tribal harvest and/or pursue private grants and/or advance Corporate Social Responsibility program.

Unlike other Federal agencies, BPA funds its operations entirely though the rates it charges its customers like Pacific and BPA's customers repay all costs associated the production and transmission of power from the multipurpose federal projects. This includes the costs associated with mitigating the impact of federal hydropower generation on threatened and endangered fish species. About 25 percent of BPA's Tier 1 rate, which includes foregone revenue for the cost of lost generation, is paid by BPA's consumer owned utilities for BPA's fish and wildlife programs; in the last 10 years, we have paid an average of \$685 million per year.

While Pacific takes its obligation to fund the largest and most comprehensive environmental mitigation program in the United States seriously, BPA's authority to undertake any costs is restrained by its organic, enabling statutes, including its ratemaking directive to set "the lowest possible rates to consumers consistent with sound business principles." In other words, BPA is a creature of its statutes, and it cannot, despite the nobleness of the cause, improperly use ratepayer funds. Use of ratepayer funds for potential USG commitments is not a matter of "ends justify the means" but rather about the impact to the people in our community and I care deeply about the residents of Pacific County.

Our ratepayer funds aren't dividend checks from the shareholders of for-profit companies; rather, ratepayer funds are monies that represent the sweat of labor from vast majority of our blue-collar working-class customers employed in seafood processing, cranberry bogs, and agricultural farms, including those members of our community that are most marginalized like migrant workers, elderly, disabled, ESL, and undocumented populations.

Pacific County spans nearly 1,000 square miles with a population of less than 25,000 individuals sparsely dispersed (fewer than 25 people per square mile) along the mouth of the Columbia River. Nearly 70% of the county's population resides in unincorporated areas, with only four small municipalities (South Bend, Raymond, Long Beach, and Ilwaco) defined by urban growth areas. Because of the inherent costs of electrical infrastructure investment in areas that lack concentrated population centers, we face significant pressures in capital costs.

Separately, the county experiences extreme weather events due to proximity of the Pacific Ocean, high wind events are common.<sup>1</sup> We are at severe risk of disruption of roads and services by earthquake and/or tsunami<sup>2</sup>. Winter storms typically include hours of 60-100 mph winds, causing trees to fall and damage lines and structures. The topography of the county includes a mountainous landscape, with

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<sup>1</sup> <https://mynorthwest.com/3937904/what-is-washingtons-windiest-city/>

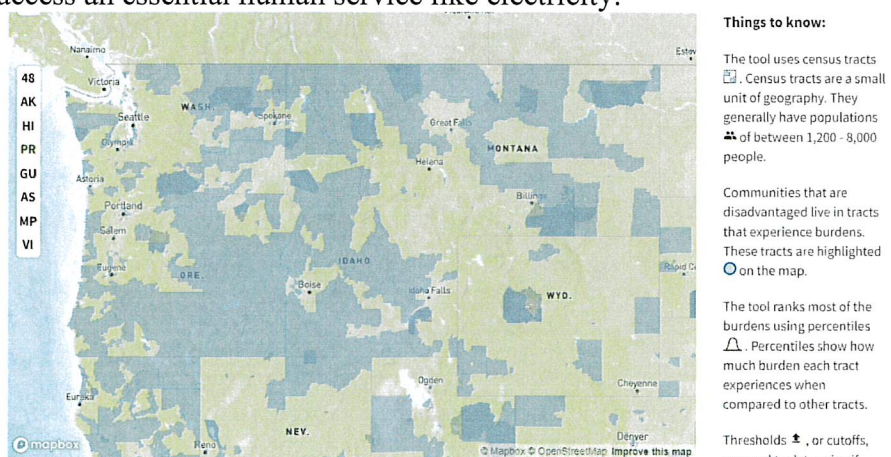
<sup>2</sup> <https://mil.wa.gov/asset/5ba420aa1c85c#:~:text=For%20example%2C%20the%20unincorporated%20areas,could%20have%20county%2Dwide%20repercussions.>

heavily forested terrain, dense canopy cover, numerous wetlands, and geologic hazard areas. In addition, there are prevalent corrosive aerial salts that degrade free standing outdoor assets; with all these challenges, we still strive to have the most affordable rates in the state of Washington. But despite our best efforts to have the lowest rates for a non-generating PUD in Washington, 2,805 households are below the 200% Federal Poverty Level and hence have an energy burden of more than 6%. We must do more with less because nearly one-third (34%) of the county's population is over the age of 65. The median household income of \$50,873 is 35% lower than the state median income of \$80,219. These earnings translate into considerable poverty across the county. Nearly 15% of the population lives at or below the poverty line, approximately 11% of the population has no health insurance and 25% of residents claim a federal disability and 17% of the people *under* the age of 65 are disabled<sup>3</sup>.

Furthermore, poverty is particularly widespread amongst families in our community: 14.7% of all families with related children under the age of 18 live in poverty. Nearly 40% of all households with children under the age of 18 and headed by a sole female live in poverty. Every school in Pacific County qualifies for Title I federal funding. Over 70% of our total school enrollment is considered "Low Income." Layering on avoidable energy burden increases serves as a disproportionate regressive tax for our most vulnerable community members.

Per the Biden Administration's Justice 40 Initiative<sup>4</sup> and CEQ's Climate and Economic Justice Screening Tool, Pacific County has multiple tracts that are considered disadvantaged because it meets more than 1 burden threshold and the associated socioeconomic threshold. Pacific County's multiple census tracts rank 97<sup>th</sup> percentile for energy costs and 85% percentile for low-income households where income is less than or equal to twice the federal poverty level.

Separately, when using CEQ's Climate and Economic Justice Screen Tool over the entire Pacific Northwest, the geospatial mapping tool reveals vast areas of BPA's customer communities are some of the most marginalized and under resourced<sup>5</sup>. In the screen shot image below, areas highlighted in blue in Washington, Oregon, Idaho, and Montana are identified as disadvantaged communities that are overburdened. The USG should be mindful to minimize adverse rate impacts to these communities to access an essential human service like electricity.



### U.S. territories note

Not all the data used in the tool are available or used for all U.S. territories.

Source: <https://screeningtool.geoplatform.gov/en/#4.64/46.7/-114.77>

<sup>3</sup> <https://www.census.gov/quickfacts/fact/table/pacificcountywashington/AGE775222#AGE775222>

<sup>4</sup> <https://www.whitehouse.gov/environmentaljustice/justice40/>

<sup>5</sup> <https://screeningtool.geoplatform.gov/en/#4.64/46.7/-114.77>

Respectfully, the USG must reconcile the uncertain financial burden of its extensive potential commitments in support of the Columbia Basin Restoration Initiative to the ratepayers of BPA in the Pacific Northwest considering the results presented from CEQ's own geospatial map. Any rate increases on BPA's customers will result in regressive harm to the communities most disproportionately disadvantaged and overburdened.

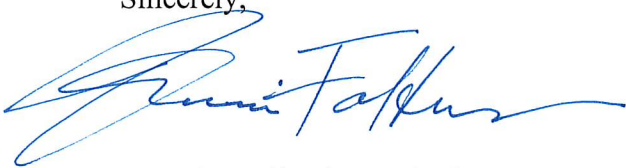
The USG's potential assurances in the CRSO litigation also poses significant threats to the long-term value of the Federal Columbia River Power System (FCRPS). Considering the significant financial, reliability and FCRPS operational uncertainty, it's difficult to commit to a 20-year Provider of Choice take or pay contract when long term intergeneration impacts that will last beyond 2044 remain unknown.

While we support scientific, cost-effective mitigation efforts for fish and wildlife impacts that have a clear nexus to the impacts of the hydropower system, I humbly request that USG exercise moral courage and use principles of distributive justice while honoring BPA's organic, enabling statutes, including its ratemaking directive to set the "lowest possible rates" to appropriately ensure that potential burdens resulting from a settlement process are squarely cabined to the federal taxpayer, and/or fees on non-Tribal harvest and/or pursue private grants and/or advance Corporate Social Responsibility program.

The future of an urgent clean energy transition must prioritize important procedural, distributive, and restorative justice components that embrace equity and don't leave people behind. We need remarkable partnerships to fight the existential threat of climate change. Hydropower remains the centerpiece of the Northwest's energy infrastructure and it provides reliable, affordable, and clean power. We can't achieve our multiple policy objectives without it.

Thank you for your consideration.

Sincerely,



Humaira Falkenberg, She/her  
Power Resources Manager  
Pacific County PUD

Cc: John Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation  
John Hairston, BPA Administrator  
Shaina Zarkin-Scott, Legislative Assistant to Congresswoman Marie Gluesenkamp Perez  
Jeremiah Baumann, DOE Deputy Chief of Staff  
Sara Gonzalez-Rothi, Senior Director, Council on Environmental Quality  
Lindsay Bleifuss, BPA Power Services Account Executive