



**Testimony of Fred Flippence
General Manager, Harney Electric Cooperative
United States House of Representatives, Subcommittee on Water,
Wildlife, and Fisheries**

Legislative Hearing on H.J.Res.46
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Chairman Bentz, Ranking Member Huffman, and members of the Subcommittee, my name is Fred Flippence, and I am the General Manager of Harney Electric Cooperative (HEC) which provides electricity to communities in both Oregon and Nevada. I am also the President of the Oregon Rural Electric Cooperative Association (ORECA) and serve on the board of directors for the Nevada Rural Electric Association (NREA). I want to thank Chairman Bentz, who is my congressman, for the opportunity to testify. I also want to send greetings to one of Oregon's newest House Members – Congresswoman Val Hoyle – for serving on this important committee for Oregonians.

I appreciate the opportunity to testify today and offer a perspective on how the Endangered Species Act (ESA) and the associated designation of critical habitat affects the ability of electric cooperatives to provide affordable and reliable power. I am here today on behalf of HEC, ORECA, and the National Rural Electric Cooperative Association (NRECA).

Harney Electric and the Cooperative Business Model

The effort to electrify rural America became a national priority under President Franklin Delano Roosevelt's New Deal in 1935. At this time only one in ten rural homes had electricity, and the federal government was looking for a partner to improve the quality of life in rural America. Electric co-ops stepped forward and 80 years later rural electrification is one of the greatest public-private partnerships this country has ever seen. Today, cooperatives like HEC provide electricity to 42 million Americans across 48 states.

HEC, like other electric cooperatives, is a democratic organization controlled by the members who actively participate in making decisions for the cooperative. The members elect a board of seven directors from geographic districts to set policy for the organization. Board members are directly accountable to their member constituents by way of the democratic election process. In

HEC's cooperative governance and financial model, the organization's mission and cost management actions reflect the values of our membership and community. Furthermore, the members are ultimately responsible for the financial obligations and ongoing operations of the cooperative. We have no outside shareholders to bear risk or absorb costs on behalf of our members. This model helps electric cooperatives keep rates affordable – an important consideration because co-ops serve 92 percent of the country's persistent poverty counties.

While we are fortunate that electricity is accessible and reliable in the United States, that is not the case around the globe. We believe it is our obligation to pay forward our expertise in rural electrification. Last month, in partnership with NRECA International, Oregon's electric cooperatives completed an ambitious project to help electrify the small village of Ventura, Guatemala, with the help of nine Oregon electric co-op linemen and one engineer. I am pleased that one of Harney Electric's linemen was part of a project that will change the lives of these villagers, just as electricity changed the landscape of rural America.

Profile of Harney Electric Cooperative

HEC was founded in 1954 to provide power to the rural farmers and ranchers in the region. Our cooperative serves over 20,000 square miles in southeast Oregon and rural Nevada and has very low customer density, averaging less than one member per 16 square miles. To put our sparse and remote territory in context, we serve 1,232 members in an area only slightly smaller than the state of West Virginia (which has a population of nearly 1.8 million.)

Harney Electric's service area is bigger than nine states and serves our members with 400 miles of transmission line and over 2,600 miles of distribution line. The federal government manages 75% of the land mass in our territory. The Bureau of Land Management has a large presence in our area, along with two National Wildlife Refuges. Our membership is made up of ranching and farming communities, and most of their load is for large irrigation pumps for growing alfalfa. We currently have no industrial customers, and our largest commercial customer is a state funded dormitory high school in Crane, Oregon. We also have a significant Native American population. HEC serves the Fort McDermitt Indian Reservation representing the Paiute and Shoshone Tribes. We also serve a few members of the Burns Paiute tribe and the Summit Lake Tribe. A portion of our northern territory and the reservation have been identified by the federal government as having a high social vulnerability index. In fact, 47% of the population of Harney County lives below the poverty line.

Electric Cooperatives and the Endangered Species Act

Electric co-ops are guided by seven principles, including "concern for community." We live in the communities we serve, and we care about the environment.

We support the underlying goals of the ESA; however, we think it is important to highlight how even a well-intentioned law can create real world challenges and should be improved. We offer the following examples to highlight how the ESA and critical habitat can affect electric cooperatives like HEC and rural communities.

Endangered Salmon and the Federal Columbia River Power System

HEC is a full requirements customer of the Bonneville Power Administration (BPA), a nonprofit federal power marketing administration based in the Pacific Northwest. Although BPA is part of the U.S. Department of Energy, it is self-funded and covers its costs by selling its products and services. BPA markets wholesale electrical power from 31 federal hydroelectric dams in the Northwest, and one nonfederal nuclear plant. The dams are operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. The nonfederal nuclear plant, Columbia Generating Station, is owned and operated by Energy Northwest, a joint operating agency of the state of Washington. BPA provides about 28% of the electric power generated in the Northwest, and its resources – primarily hydroelectric – make BPA power nearly carbon free. It is important to note that at HEC, our power costs are approximately 50% of our costs to our members.

To mitigate the impacts of the federal dams, BPA funds – through its customers – one of the most ambitious fish and wildlife programs in the world. The BPA Fish and Wildlife Program funds hundreds of projects each year to benefit ESA-listed species and to mitigate the impacts of the development and operation of the federal hydropower system on fish and wildlife in the Columbia River Basin. Examples of these actions include habitat measures (e.g., tributary habitat improvements) and operational measures at storage and run-of-river projects (e.g., flow management and fish passage), among a myriad of other projects.

These projects, while beneficial, come at a serious cost. Thirty cents of every dollar of our power bill goes to fish and wildlife mitigation on the Columbia River System. This cost will continue to increase. The total annual cost for BPA’s Fish and Wildlife action is projected to be \$852 million in FY 2024-25, which is a significant increase from FY 2022-23. While we remain committed to fulfilling our fish and wildlife obligations, we will continue to seek proper sharing of these costs. It is undeniable that our members feel the financial impact of these ESA-related programs each month when they pay their power bills. We cannot have an open-ended obligation on customers that struggle to pay their electricity bills.

Moreover, there is also an ongoing campaign to remove the Lower Snake River dams – an initiative that could have major ramifications for many cooperatives in the Pacific Northwest. These dams feature highly advanced and successful fish passage systems. The dams are on track to achieve standards of 96 percent average dam survival for young spring chinook and steelhead migrating downstream and 93 percent for young summer-migrating fish. Removing the Snake River dams would not guarantee increased salmon survivability, but this action will harm our communities, increase carbon emissions and enhance the likelihood of blackouts in the region.

The Columbia River System Operations Draft Environmental Impact Statement (DEIS) concluded that breaching the four Lower Snake River dams would have an adverse impact on electric cooperative consumers, the reliability of the Northwest energy grid, and the global environment. The Snake River dams are an integral part of our electricity supply in the Pacific Northwest – powering 900,000 homes annually. Oregon’s electric cooperatives are serious about our mission of delivering clean, affordable, reliable electricity to our members. The DEIS concluded that breaching the Snake River dams would have “long-term, major, adverse effects on power costs and rates,” and the “rate pressure could be up to 50% on wholesale power rates.”

A 40-50% increase in BPA’s rate could lead to an increase of several hundred dollars a year on our members’ electric bills. Our vulnerable populations – senior citizens and those on fixed incomes – will be most impacted by the increase – people who shouldn’t have to choose between medicine, food or paying their electric bills. We also take seriously our commitment to keep the lights on. The DEIS also concluded the dam breaching alternative would “more than double the region’s risk of power shortages.”

Oregon’s electric cooperatives are proud of our clean energy profile, with a power supply that is consistently over 90% carbon-emission free. According to the DEIS, breaching the dams would create an additional 3.3 million metric tons (MMT) of CO₂ – a staggering 10% increase in power-related emissions across the Northwest.

Challenges of Serving Frontier Areas in the West

HEC has been heavily involved in educating federal officials about the impact of their proposals regarding species that have been proposed to be protected under the ESA. In 2014, HEC commented on the Bureau of Land Management’s Oregon Sub-Region Greater Sage Grouse Draft Management Plan Amendments and Environmental Impact Statement. The preferred alternative under this plan would have required HEC to eventually relocate or underground over 105 miles of transmission line and over 531 miles of distribution line to protect sage grouse habitat. Our greatest concern was the lack of analysis of the significant socio-economic impacts that would arise to HEC and its members under the preferred alternative. The direct costs to the co-op of relocating or burying the transmission and distribution lines would have exceeded \$400 million and would have bankrupted the co-op. HEC would simply have to terminate service. In short, the mitigation measures set forth in the preferred alternative were not economically feasible.

Fortunately, HEC has not been compelled to implement this draconian level of mitigation to protect the sage grouse. However, it is undeniable that projects – such as permitting on easements, changing easements, or moving a line – are delayed because of the possible impacts. For instance, our easement came up for renewal with the Malheur Refuge, and it was declined by the U.S. Fish and Wildlife Service because they did not want power lines on the refuge. I had to

explain to them that the electricity from these power lines serves their headquarters, fish weirs, and irrigation on the refuge. In another instance, one of our members had a piece of private land they wanted power delivered to. We had to ask for a BLM easement to tap into an aerial crossing where no pole would be set on federal land, because it was in sage grouse habitat. This process went on for a year until our member finally gave up. We have a similar situation where a renewable geothermal project is being held up because of an abandoned golden eagle nest. We are required to wait through the golden eagle breeding season to see if the eagles will reclaim the nest that has been abandoned for what we believe is two decades. We hope the U.S. Fish and Wildlife Service will deem the nest abandoned, and the project can resume. These project delays have an impact on the system reliability and cost.

Collaboration: A Path Forward

I serve on the board of the High Desert Partnership, a group that brings stakeholders in Harney County together to tackle some of our community's hardest challenges—restoring forests and wetlands, mitigating wildfire, creating opportunities for youth, and growing our local economy. The logging industry used to be the heart and soul of Harney County. HEC's headquarters is across the street from an old mill that used to employ most of the people in the county. However, shifting federal policies – such as the listing of the northern spotted owl – led to the closure of the mill. This is the story of many communities in Oregon, including my hometown which no longer exists. These ESA policies have had a lasting negative impact on local communities, and we needed to find a better way to bring people together to find common ground in addressing rural challenges and opportunities. The High Desert Partnership has had great success and we urge this committee to learn more about it to take on whatever challenges may be ahead.

Recommendations

Electric co-ops support the underlying goals of the ESA, and we think it can be improved to work better for both species and communities. We need Congress to address the challenges posed by the ESA and co-ops stand ready to help this important effort. The designation of critical habitat can have enormous impacts on communities. Because of this, it is imperative that habitat designations are well thought out and based on sound scientific data. Electric co-ops support H.J. Res 46 because it retains the regulatory definition of habitat within ESA and provides clarity and certainty to communities where habitat is located. With that in mind we offer the following recommendations:

- Habitat should specify that only those areas that are actually habitable at the time of critical habitat designation are categorized as “habitat.” In addition, we suggest the following key elements be considered when designating both occupied and unoccupied critical habitat:

- Habitat features must be present at the time the area is designated as critical habitat.
 - A proposed designation should focus on specific geographic areas.
 - Habitat features must be present for one or more relevant species' life stages; and
 - An area must be sufficiently habitable for a species' long-term survival.
- Addressing challenges posed by the ESA is needed, and co-ops stand ready to help this important effort. In addition to our habitat specific recommendations, we urge Congress to modernize the ESA and improve it by:
 - Focusing on species recovery;
 - Increasing transparency in how the Act is implemented;
 - Utilizing data that is thorough, balanced, and based on scientific standards and impartial peer review;
 - Prioritizing proactive stakeholder collaboration, and state and local government engagement.

Meeting current and future energy needs is a major challenge. Rising to meet this challenge will require collaboration, creativity, and flexibility. HEC and our electric co-op brethren are ready to work with you, your colleagues in Congress, and your federal agency partners to meet these needs.

Thank you for the opportunity to testify today and for your attention to the critical issues facing our nation. I look forward to working with all of you.