

Major Health and Safety Impacts From Federal Staff Reductions to BPA

In the last 10 years we have jointly written about BPA issues only **twice**, the most recent being **just two weeks ago**. Because of the tremendous risk being created to Pacific Northwest citizens health and safety by workforce reductions at BPA we choose to write again.

I. No Taxpayer Savings

First, All BPA expenses are funded through electricity rates charged to its Northwest utility customers and passed on to retail consumers. In short, regional citizens pay for all BPA costs, so reducing BPA staff does not save U.S. taxpayer one dime.

II. Reliability Impacts To Date

Secondly, as we emphasized in our previous letter, BPA already has suffered significant personnel losses, totaling 14 percent of its workforce as a result of the Administration's early out program and net firing of roughly 100 probationary employees. These efforts reduced BPA's total workforce by 420 employees, including eleven power dispatchers -- nearly 20 percent of BPA's operational staffing for this critical job category which keeps the entire Northwest power grid in balance every 4 seconds 24/7.

There has been no strategy to the workforce reductions such as targeting less important positions, or fencing off positions critical to ensuring public health and safety such as power dispatchers and lineworkers. While BPA management is strictly limiting communication, from our experience we can presume that management is now attempting to plug round pegs into square holes and in many cases not having anywhere near enough pegs. The point is this is not a problem in the future. This is a problem right now.

III. Further RIF Impacts

To make things worse, it appears the recent orders to federal agencies to begin processing reductions-in-force (RIF) have been made applicable to BPA. It's unclear how this will work but at a minimum it suggests that the functions performed by hundreds more BPA employees will be at risk. It also is unfortunate encouragement to BPA employees to leave while it is possible to control their own destiny. Finally, it is an arbitrary exercise that undermines productivity while the months long exercise is going on and then leaves the organization without the skills to fill critical positions.

Subjecting BPA to the Administration's RIF process will substantially increase this already unacceptable degradation of system reliability by eliminating among others, information technology and other "support staff" not deemed "critical" but nonetheless essential to ensure full functionality for BPA's already shorthanded dispatchers. Opportunities to attempt to address workforce reductions through technology adoption will be eliminated. It is difficult to estimate the risk of outages as a result of these kinds of workforce reductions because as far as we know something like this has never been tried before in the history of the electric industry. We also don't know specifically what jobs will be eliminated through a RIF. But what we can say with confidence is the level of **risk now with the existing workforce reductions is unacceptably high** and at some point further reductions make outages practically inevitable. Such outages are most likely to occur during extreme temperature events in the summer or winter when outages are the greatest threat to human health and safety. Such degradations are not consistent with national reliability standards and are clearly unacceptable by any measure.

IV. Possibility of Cascading Outages Affecting Multiple States

It is also important to understand that outages on the BPA system may not be limited to the Pacific Northwest. A 1996 event that initiated on the BPA system due to a tree contact led to outages for more than

7.5 million customers across 7 western states, Canada and Mexico. While the specific causes of that outage have been investigated and mitigated, the potential ramifications of outages on an electrical system that is interconnected across the western United States remain. Such a cascading outage across several western states could well be repeated given BPA loss of nearly 20 percent of its power dispatchers from already implemented Administration staff reduction measures.

V. Nature of BPA Personnel

It's important to understand that while these are government employees, virtually none have anything to do with politics or making political decisions. These are linemen, engineers, system planners and operators, information technology and other support personnel who carry out electric utility functions the same as people at electric utilities all across the country.

VI. Additional Significant Impacts

We expressed concern previously about (1) BPA's ability to manage the bulk electrical grid in the Pacific Northwest assuring that electrical input and output matches at least every 4 seconds, (2) to perform transmission planning necessary for the explosive growth in data centers that provide a pathway to economic expansion and (3) substantially delaying opportunities for near-term system operation efficiency gains. We now add to our list three additional concerns.

First, it can be certain outage repair times will increase. The reductions in line workers will necessitate reforming and consolidating crews. With a service territory that stretches across 6 states it will take longer on average to travel to outage locations and make repairs.

Second, we believe employee safety will be compromised due to crews being stretched thin and likely requiring more overtime. This is tremendously concerning when dealing with electricity which is a life-threatening hazard. Decision-makers need to understand that a safety culture begins with a tone at the top that prioritizes safety. That is necessary because leaders own the responsibility to take action to avoid risks to employees that can lead to loss of life.

Third, geopolitical tension translates to risk of cybersecurity intrusions. The electric grid is frequently identified as the premiere target for foreign intrusion. Cybersecurity monitoring is a 24x7 whack-a-mole function where the adversaries are constantly evolving. Loss of skills protecting against cybersecurity risk is a national security issue.

We reemphasize that we strongly support seeking efficiency gains especially through the adoption of new technology. But electricity delivery, unlike many other businesses, is a function where the public reasonably expects, and public health and safety demands, round the clock uninterrupted service. Because of the high expectations it is imperative new efficiencies are tested and implemented prior to reducing reliance on the existing systems and people.

VII. BPA Not Funded By Federal Taxpayers

We want to expand on our earlier comments about how these reductions do not impact the federal deficit. BPA is required to cover all its costs from the sale of power and transmission services. There are no annual federal appropriations. BPA can borrow money from the US Treasury for capital projects but is required to repay it at a rate that generates a small profit for the Treasury. BPA repays the hydropower share of Corps of Engineers and Bureau of Reclamation dams in the Pacific Northwest. Moreover, BPA revenues also cover the costs of Corps of Engineers and Bureau of Reclamation employees who support hydropower production. Just as it does not reduce the federal deficit to eliminate BPA employees, the same is true for Corps of

Engineers and Bureau of Reclamation employees who are paid for with BPA revenues. It is also important to understand that BPA budgets go through a rigorous review process in rate proceedings by the customers who pay the costs. BPA must justify every line item assuring accountability to regional ratepayers.

VIII. Inconsistent with Statutory Requirements

As noted previously, preservation of electric reliability in the Northwest can be accomplished through the public safety exemption provided for in the executive orders. With respect to a potential RIF there is virtually no BPA activity that is not statutorily authorized because of the strong accountability reviews that occur in the BPA rate case. For example, Section 4 of the 1974 BPA Transmission Act contains a specific requirement that the BPA Administrator shall construct such transmission as he determines is necessary to provide service to BPA's (utility) customers and maintain such service. This particular provision, along with other portions of that Act, contains a mandatory obligation for BPA to build and operate the Northwest power grid as needed to meet its customers' needs. Administration measures, especially the pending RIF, firing of many probationary employees, and its early release program without allowing BPA to fence off power dispatchers, line workers and other personnel critical to operating the power system safely and meeting emerging customer needs, appear inconsistent with these very specific statutory requirements. For these reasons, combined with the risks created by a RIF process, an exemption is warranted.

IX. Required Changes to Avoid Serious Health & Safety Issues

As hopefully is clear from our above description, BPA needs the following relief from DOE:

1. Total exemption from the pending RIF and related additional cost reduction actions. Instead require BPA to initiate a process through its rate case to identify appropriate cost savings.
2. Lifting of the existing hiring freeze so BPA can staff appropriately for assuring adequate, efficient, economical and reliable power can be provided.
3. An ability to rehire the roughly 100 probationary employees who were previously terminated.
4. Exemptions for Corps of Engineers and Bureau of Reclamation staff who are funded by BPA revenues.

Absent these actions, the impact on Northwest citizens could easily be life-threatening and create severe economic disruption. It would be extremely difficult to explain after the fact given the lack of benefit to key national objectives.

Finally, a message to the remaining BPA employees. You play an incredibly important role. Your work positively affects millions of US citizens and there are thousands of people who understand and appreciate the value you are providing. Your talents and service to the public are a critical component of making the Northwest a great place to live.

Randy Hardy

BPA Administrator 1991 to 1997

Steve Wright

BPA Administrator

2000-2013