

## **Consumer-Owned Utility Organizations**

November 5, 2013

The Honorable Daniel Poneman  
Deputy Secretary  
Department of Energy  
1000 Independence Ave., S.W.  
Washington, DC 20585

Re: Bonneville Power Administration Hiring Practices and USDOE Oversight

Dear Deputy Secretary Poneman:

Our organizations represent the over 1,180 non-profit utilities in 34 states who purchase power marketed by the federal power marketing administrations as well as the over 100 utility preference customers of the Bonneville Power Administration (BPA), providing power to millions of consumers in eight Pacific Northwest states. These consumer-owned utilities are close partners with BPA in delivering the clean, cost based power from the Federal Columbia River Power System to residents and businesses in the Northwest.

We share the concerns of the Department of Energy (DOE) about past hiring practices at BPA, including the improper application of veterans' preference. With the release of the Department's August 13 audit, the Office of Personnel Management's August 28 evaluation, and the DOE Inspector General's October 3 report, we now have a better assessment of the extent of the problems and believe that they need to be addressed promptly and transparently.

We appreciate BPA and DOE recently offering to meet to answer our questions. We look forward to hearing more at the meeting scheduled for November 6<sup>th</sup> in Portland, Oregon.

These hiring issues are serious and must be addressed. But, they should not be seen as an open door for assertions of DOE control over BPA policies that are governed by the laws set by Congress. The extraordinary actions and lack of transparency so far in addressing this situation have led to concern in the region as to how DOE's actions will impact the customers and operations of this ratepayer-funded agency.

Your Memorandum of October 24, 2013, contained elements that intensified these concerns about the loss of regional control. The directive to have the BPA General Counsel and staff report to DOE headquarters instead of the BPA Administrator is particularly troublesome. This was not one of the 10 recommendations contained in the October 2013 DOE Special Inquiry Report (Report). Conversely, the Report only recommended periodic meetings between DOE and BPA executives regarding laws and regulations governing the civil service. There is no stated rationale for this

directive in any of the above reports or in the October 24, 2013, memo. As written, the memorandum appears to grant DOE General Counsel blanket authority to oversee all significant BPA activities. If there are DOE concerns about the office of General Counsel, a constructive course of action would be for the BPA Administrator to address them.

The change in the General Counsel reporting relationship raises serious concerns about threats to regional control because all significant BPA policies and major decisions go through that office. For the Administrator to have his own attorneys reporting to Washington, D.C. when offering the Administrator legal advice poses many questions about possible influence on key policy decisions, and about possible delay in important decision-making. This action places the Administrator in an untenable position and may have a further sinking impact on the morale of BPA employees. Alternatively, DOE could provide oversight to the General Counsel on the current personnel remediation without imposing a new management structure.

Under a focused plan for remediation of hiring deficiencies, we are looking to see clear and consistent guidelines that are fully documented and that can be applied by BPA staff. Such clarity is essential in order to provide consistent relief for aggrieved parties, restore morale among BPA employees, ensure that BPA meets its many statutory requirements, and assure BPA's power customers that the remediation and future hiring practices will be reasonable and cost-conscious.

We expect to see a remediation plan that is well coordinated with the Office of Personnel Management (OPM) and BPA management, and that would lead to the reinstitution of human resource responsibilities that DOE had previously delegated to BPA. For example, it is difficult to see how a labor relations function involving a myriad of Northwest contracts could be effectively administered from Washington, D.C. With ongoing DOE oversight, such a plan should include projected timeframes for completing the necessary training and recertification of BPA's Human Capital Management staff.

In addition, BPA customers are very interested in seeing a comprehensive plan that will be used for the ongoing process of any needed register reconstruction, or for evaluating other related hiring, promotion, or personnel evaluation procedures under consideration that may broadly impact the BPA workforce. In that regard, we look forward to meeting with BPA and DOE representatives in the next few days, and will undoubtedly have follow up questions that we will pursue with the appropriate parties. We will also be interested in knowing how the Department will factor in BPA's statutory requirement to provide service to its core customers at "the lowest possible rates to consumers consistent with sound business principles."

We stand ready to help work through these matters, and look forward to meaningful customer involvement in any process regarding the hiring practices or any review of directives and delegations of authority. We request that the Department commit to the transparent development of remedial measures limited to hiring practices, consistent with sound business principles, and that it

make very clear in any further instructions or memos that the effect will not be a broader shifting of decision-making to Department headquarters.

Sincerely,



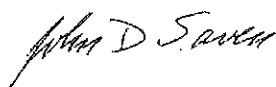
Mark Crisson  
President and CEO  
American Public Power  
Association



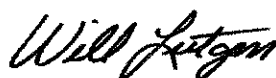
Jo Ann Emerson  
Chief Executive Officer  
National Rural Electric  
Cooperative Association



Scott Corwin  
Executive Director  
Public Power Council



John Saven  
Executive Director  
Northwest Requirements  
Utilities



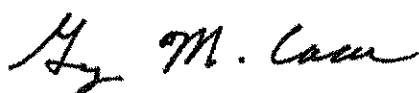
Will Lutgen, Jr.  
Executive Director  
Northwest Public Power  
Association



John Prescott  
President and CEO  
PNGC Power



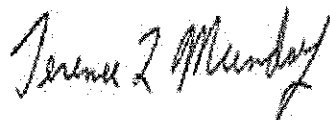
Howard Gonser  
President  
Oregon PUD Association



George Caan  
Executive Director  
Washington PUD Association



Therese Hampton  
Executive Director  
Public Generating Pool



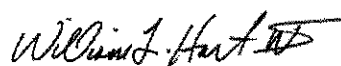
Terence L. Mundorf  
Attorney  
Western Public Agencies  
Group



Kent Lopez  
General Manager  
Washington Rural Electric  
Cooperative Association



Ted Case  
Executive Director  
Oregon Rural Electric  
Cooperative Association



Will Hart  
Executive Director  
Idaho Consumer-Owned  
Utilities Association



Joe Lukas  
General Manager  
Western Montana Electric  
G&T Cooperative, Inc.



Matt Michel  
President  
Oregon Municipal Electric  
Utilities Association

Cc: Northwest Congressional Delegation  
Elliot Mainzer, BPA Acting Administrator