

# Indivisible Sequim Candidate Questions

## Clallam County Public Utility District Commissioner District #2

### Candidate Questions

**Your Name:** Rick Paschall

#### 1. Why: Why are you running for PUD Commissioner?

Short Answer: To have a well-balanced Clallam County Board of Commissioners I believe that at least one of the commissioners should have experience from the Pacific Northwest electric-utility industry. If elected I pledge to focus my efforts on affordability through collaboration and experience.

Detailed Response: I believe I have the skills, background, and experience to be a consistently contributing member of the Clallam County PUD's Board of Commissioners. My main focus will be on keeping rates as low as possible while continuing to provide reliable service. There are a number of significant challenges facing the PUD that could lead to significant rate increases in the future. While experience will not offset the pressure these challenges will present to the PUD, my experience, expertise, and willingness to collaborate with like-minded utilities will allow me to focus my time on solving problems rather than spending time getting 'up-to-speed' on the electric-utility industry.

I have over thirty-years' experience working in the industry in the Pacific Northwest. I enjoyed the intellectual challenges the industry provided and I especially enjoyed working in public power. Public power brought electricity to rural communities that private utilities overlooked because they weren't profitable. In the industry, one often heard that private utilities count their customers-per-mile, while public utilities counted the miles-per-customer. Almost my entire career was spent working in public power because I believe in the mission, which is to bring power to all the people. In addition, I believe that electing someone with experience in the industry is the best way to keep rates as low as possible.

It is important to acknowledge that our PUD is about 1% of the Bonneville Power Administration's (BPA) customer base. By ourselves, we have very little ability to influence BPA on our own. Thus, we need to collaborate with other like-minded and situated utilities to help influence BPA's decisions and policies. Historically, this has been done through state-wide organizations like WPUA (Washington PUD Association), WPAG (Washington Public Agency Group) and others to advocate on behalf of public utilities. But due to difference in the growth rate among public utilities some of these organizations are hamstrung and either have to stay silent on issues or choose to side with their large members. So, in some cases, we may need to build coalitions of our own to ensure BPA hears to whole story regarding their policies.

**2. Background and Experience:** Please share the professional and personal experiences that best prepare you for serving as a PUD Commissioner.

Short Answer: Over thirty-years' experience working in the electric-utility industry in the Pacific Northwest.

Detailed Response: Because of my knowledge and background in the electric-utility industry, I know how the BPA and the other Federal Agencies (Army Corps of Engineers and the Bureau of Reclamation) operate. With my work history of collaborating at the local, regional, state, and national levels, I will be able to ‘hit-the-ground-running’. I can participate and influence the conversation rather than being a commissioner wondering what the conversation is about. To ensure Clallam County PUD gets efficiently and professionally represented at regional forums, elect someone who knows the industry.

My introduction into the power industry was with the BPA. I worked there for five years. While working at BPA I was part of the team that put together the annual White Book. The White Book, is the BPA’s annual publication of the Federal System and the Pacific Northwest’s loads and resources for the upcoming 10-year period. The White Book is used by BPA as a planning tool, as an information source for customers, as a published source of loads and resources information for regional interests, and as a data source for the Columbia River Treaty studies. It was a great way to get introduced to the industry. To find the most current version of this document simply go the BPA website and search for ‘White Book’.

Following BPA, I moved on to the Pacific Northwest Utilities Conference Committee (PNUCC). During my five years working at PNUCC I learned how to run BPA’s HydSim model. HydSim is the model BPA, and the region, uses to simulate generation from the hydro system under various flow regimes. This was during the middle salmon-survival wars during the early 1990’s. My job was to determine the megawatt (MW) impact of alternative flow regimes.

My next job was with the Pacific Northwest Generating Cooperative (PNGC). I worked there for the next 20 years in a variety of positions including but not limited to the following:

- I was an energy trader where I bought and sold wholesale electricity on the hourly, daily, monthly, and years basis.
- I had credit approval for up to \$100,000,000 worth of power purchases.
- I helped turn PNGC from a full-requirements customer into a scheduling entity.
- I managed a new risk for our members, Electric Reliability Organization, ERO, Compliance. Initially small-rural electric utilities were subject to the same regulatory requirements as large-generating utilities. There are over 160 requirements which had the potential to inflict fines for each requirement of up to one million dollars per day. Thus, a lot of financial risk.
- I developed and initiated a national action plan that removed small-electric utilities from being subject to these obligations and financial risks.

**3. Drought Response:** The 2025-2026 winter snowpack has been recorded as one of the worst on record. How has the PUD prepared for drought, and what would you do to improve preparedness? If events on the ground move faster than expected, what should the PUD’s response be, and what would you do to support it? What role would you play in educating the ratepayers about the drought and the PUD’s response?

Short Answer: If elected I will have to spend a lot of time learning what my experience does not provide. Thus, I will be more depend on our water staff. Fortunately, we have an excellent water staff. Couple this with my willingness to learn. I have no doubt in the ability of the PUD to manage this issue successfully, but I fear the solutions are going to be expensive for the ratepayers.

Detailed Response: The current strategy of the PUD for the management of impending drought on the peninsula is broken into four major groupings. To answer the question, I have taken the sub- strategies and ordered them in what I think will benefit the rate payers in a timely manner and provide the most cost-effective plan for the PUD to keep rates affordable.

- Dungeness Water Exchange: New building construction and development to purchase mitigation packages to balance out consumption and keep the net water supply neutral.
- Conservation Oriented Billing: Restructuring current rates to decrease rates for those who conserve water, while the high-volume user pays much higher rates.
- Consolidating Public Water systems: Moving development growth away from individual shallow exempt wells toward state approved water systems. Increased and dependable monitoring for strategic future planning.
- Dungeness off channel reservoir: A proactive move to support agriculture and small farms in the area without a need for expansion of deep groundwater wells.
- Irrigation Ditch Piping: Collaboration with county entities to continue the process of piping surface irrigation ditches.

Rate payers fully realize the impact limited water will have on the peninsula now and into the next decades to come. By supporting and prioritizing the PUD's water-strategy plan as one that addresses all constituents, from farmers to developers, while starting with the most cost-effective methods first, is one I would support and encourage. More costly water source development projects will be held in reserve as funding and grant money is sought. I will work closely with the GM to ensure timely updates and successes to address fears or anger that may occur as new business practices cause rates to increase.

I have a lot of experience managing the issues and risks associated with power supply but I will be the first to admit my expertise, nor experience, does not extend to water issues. One thing I feel strongly about is that electric rates pay for electric services and water rates pay for water services. No cross subsidization from one business line to another. If elected I will have to spend a lot of time learning what my experience does not provide. Thus, I will be more depend on our water staff. Couple this with my willingness to learn and I have no doubt in the ability of the PUD to manage this issue successfully, but I fear the solutions are going to be expensive.

**4. Local Renewable Energy:** As the Pacific Northwest rapidly electrifies – driven by EVs, electric home heating and massive data centers – statewide demand for electricity is exploding. At the same time, shifting climate patterns and low snowpack threaten the long-term reliability of maximum hydro generation. What strategies should the Clallam PUD consider, that could add or expand local generation that can help our community prepare, without breaking the bank (e.g. community solar, net metering, microgrids and storage, etc.)?

Short Answer: While no one on the peninsula likes power outages, I don't believe our rate payers are willing to pay the additional costs associated with bringing generation, renewable or otherwise, to the peninsula. I would, however, support another "Community Solar Project".

Detailed Response: It's hard to compete with the BPA's power rate. But as we are painfully aware, BPA's power making it to our homes is dependent on clear transmission lines and we have too many outages. There is a desire to build generation on the peninsula and I support such initiatives, as long as the cost to rate payers is at, or lower, than BPA's power rate. Our community is, in general, financially

challenged. And while no one is happy about power outages, raising rates to build local generation would not be affordable, or acceptable, to the community at large.

Regarding renewable generation, I believe we have had a clear message from our rate payers. Some on the peninsula, a minority I fear, enthusiastically support renewable generation and are willing to extend their support financially. Most, I believe, support renewable generation, but not with their wallets. This has been shown by two different outcomes for solar projects sponsored by the PUD.

First, during 2016, the PUD asked for community members to sign up for ‘shares of the output’ from a 75-kW solar project. It is my understanding, that if one signed up for the project there would be an additional cost added to their bill for the ‘solar-generation’. The project was canceled due to ‘lack of participation’ in August of that year. Conversely, during 2019, 82 community members agreed to support (pay extra) a solar project in downtown Sequim, which allowed the PUD to build a 31.4-kW solar array.

From these two examples I conclude that some of the PUD’s ratepayers would be willing to financially support local renewable generation, but most would not. Thus, to move forward, I suggest a ‘voluntary’ program which allows those with the enthusiasm and financial means to do so to support additional local renewable generation. But, make the program voluntary so our rate payers can choose to participate or not.

**5. West End Transmission Reliability:** The West End transmission reliability along the Port Angeles–Sappho #1 corridor is arguably one of the most critical, high-stakes infrastructure vulnerabilities facing Clallam County today. What should the PUD be doing to improve reliability, and what would you do to support that effort?

Short Answer: Creating coalitions with City of Port Angeles and Jefferson County PUD so we confront BPA as a unified front asking for improved reliability. The three utilities are about 2% of BPA’s customer base. So we don’t have a lot of leverage.

Detailed Response: The two most obvious ways to improve reliability on the peninsula would be to build generation on the peninsula or to build a second transmission line. I have done some back-of-the-envelope analysis to ‘guestimate’ the cost of building enough generation on the peninsula to be self-sustaining. These estimates include the estimated cost of hiring professionals to manage the resources and to manage the integration of the resources into BPA’s Balance Authority. I estimate that rates would have to increase anywhere from 100% to 400% of the current power rate. Sobering, to say the least. Unrealistic to think the ratepayers of the PUD would allow this to occur, or be happy with the new rates.

With respect to building a second transmission it will be very difficult, to impossible at this time, to persuade BPA to put an additional transmission line for the peninsula. BPA has made this abundantly clear over the years. We have to be realistic, even with the combined annual-average load (energy consumption) of the three utilities on the peninsula (City of Port Angeles, Jefferson County PUD, and us) we have a total load around 150 MWa. BPA’s total load is around 7,600 MWa. Thus, the three utilities are about 2% of BPA’s customer base. It’s hard to have a lot of influence with BPA since we are such a small part of their customer base. As someone once said “We don’t have the cards”.

I still see value in creating ‘formal’ coalitions of some sort with the other two utilities on the peninsula. Perhaps there could be ways we could combine our supply orders so that we get volume discounts? I’m

not sure of all that could come out of collaborating with our neighboring utilities, but I would bank on the outcomes being positive for our PUD and theirs as well.

**6. Rising Power Costs and Rate Pressure:** Ratepayers are facing sustained BPA rates increases, along with rising personnel and material costs, while the PUD's load levels remain flat or are increasing much more slowly. How would you balance affordability with necessary investment?  
Add the fact that fast growing communities want resources spread across all utilities and with your experience and ideas you can be instantly effective in...

Short Answer: Since I have extensive experience working in the Pacific Northwest's electric-utility industry I will be able to hit the ground running. First, I believe we need to reach out to other local and regional utilities that are in a similar situation (slow load growth) to create a coalition to push back against expanding the federal system. There are many other public utilities that aren't in need of additional generation and would be willing to work as a team towards the goal of not expanding the federal system.

Detailed Response: The west coast is growing with Seattle and the Pacific Northwest leading the way. In fact, Seattle was recently recognized as one of the fastest growing cities in the US. This is leading Seattle City Light, Tacoma City Light, Snohomish County PUD, Clark County PUD, and other fast-growing public utilities into putting pressure on BPA to add resources to the Federal System. BPA provides power to about 140 public-power utilities in the Pacific Northwest. The public utilities can be partitioned into three groups: co-operative (co-ops), public utility districts (PUDs), and municipalities (munis). Many of the larger public-power utilities are in metropolitan areas, munis, that are growing and these utilities are putting pressure on BPA to expand the Federal System.

I believe we need to reach out to other local and regional utilities that are in a similar situation (slow load growth) to create a coalition to push back against expanding the federal system. There are many other public utilities that aren't in need of additional generation and would be willing to work as a team towards the goal of not expanding the federal system. BPA, and the other Federal Agencies, can be influenced but it takes a concerted and consistent effort. I have experience in establishing such a regional coalition, for example, when public power achieved deregulation for the small-public power entities.

**7. Data Centers:** How should Clallam County and the PUD approach potential proposals for large data centers or other high-demand electricity users on the Peninsula?

In general, I am opposed to data centers. They don't provide enough local jobs to justify the further depletion of the federal system and they potentially use too much water. I could potentially support data centers if they provided some, or most of the following. First, significant employment to the area. Second, if they were to pay a higher rate for their electricity to make sure they pay their way onto the grid and avoid increasing the power rates for others. Provide their own deep wells to provide water for their use. And, provisions that the data center would power down to preserve electricity for other ratepayers during times of stress on the power system.

My HI (human intelligence) recommended that I not support AI.:

**8. Skills:** Please highlight the skills needed to succeed as a commissioner at the PUD, as our community navigates the water and power challenges we will face over the next six years.

I strongly believe having experience in the electric-utility industry is a very important attribute for a leader, or commissioner, to succeed. Without the context of experience, a new un-experienced commissioner would have to solely depend on the recommendations of the staff, from others, or from their gut instincts. I also believe, good listening skills are very important. It's easy to advocate for what you believe, but to be able to listen to what others have to say can often lead to compromises that benefit the ratepayers.

**9. Other Challenges:** What other challenges facing the Clallam PUD should be brought to the attention of the public?

Short Answer: I believe the best way to prepare for these challenges is to have an experienced commissioner in the industry on the Board of Commissioners.

Detailed Response: The next few years will bring a number of challenges for the PUD which will result in significant upward pressure on power rates. For example:

- increasing regulatory-compliance obligations at both the state and federal levels, potential rate impact: (7%),
- BPA contractual surcharge (2%),
- low-runoff water year (2%),
- wildfire-mitigation costs and risks (?),
- clean-building standards (?),
- hiring and retention of highly skilled and specialized positions (?), and
- potential cost overruns on the construction of the new operations center (?).

These are just to a few of the challenges that are putting upward pressure on power rates. (Note: these potential rate-impact estimates are from my back-of-the-envelope analysis, thus not 'PUD official').

Unfortunately, there aren't easy solutions to any of these challenges. For example, how does one safeguard against low-water years or the risks associated with wildfires? I believe the best way to prepare for these challenges is to elect someone with experience in the industry. It is a lot easier being creative in an area where one has the experience, background, and knowledge than if one has no experience in the industry. The current board will be losing the only commissioner with electric-utility experience. If elected I will bring extensive experience to the Board, thus, retaining a strong and diverse Board to continue the important work for our ratepayers. As, I said, I can 'hit the ground running' on day one, since I that have experience in the industry and the region.

**10. Anything Else:** What else would you like to tell us about yourself that will help us evaluate you as a candidate?

I was elected to this position in 2020. I resigned after two years for two reasons. First, I had a stroke. Fortunately, my wife is a retired nurse and she caught the symptoms early so the results were not as bad as they could have been. Second, was a personal reason. Fortunately, both issues are managed or resolved and will not be an issue going forward.

**11) I added a question:** What keeps you awake at night (with respect to the PUD)?

It is my understanding that PacifiCorp owes over \$1 Billion from Oregon wildfire class-action lawsuits for wildfire damage due to their power lines. If PacifiCorp is ultimately held liable, I believe that electric utilities will have to seriously consider pro-actively shutting off power to their customers when there are wind storms. Otherwise, the risk of wildfire litigation could bankrupt the utility. Imagine the power being shut off every time the wind exceeds a certain speed. I'm not sure how this story ends, and I hope I am worrying about an issue that will never come to pass. But I feel certain that utilities will have to protect themselves if PacifiCorp is found financially liable for the wildfires damage.

Another topic that concerns me, though doesn't necessarily keep me awake at night, is the potential for significant cost overruns for the construction of the new operations center. I support the PUD in this endeavor, but prices are so unpredictable these days. I hope the contract with the company building the new Operations Center has financial protections for the PUD covering the potential for cost overruns.

Nuclear power is another topic one hearing a lot about lately. And while I agree the technology has a lot going for it. For example, it is a great base-load resource. Meaning, it runs very efficiently when run at a constant output level for long periods of time. Thus, this type of generation is started, then run up to certain operating level, and then left alone to generate power. However, in general, I oppose the use of nuclear generation for two reasons. We don't know what to do with the waste and I do not wish to leave this problem to our children, grand-children, great-grand-children, and etc. Also, the resource is very expensive, much too expensive for the ratepayers on the peninsula at this time.

There will come a time that the peninsula will be 'generation independent'. The technology in this field, like most others, is improving all the time (at least it was before all the budget cuts 😞). For me the threshold will be when the delivered price is at or at least near BPA's power rate.