

**Mr. Mark A. Gabriel, Administrator,
Western Area Power Administration
Remarks before the Subcommittee on
Energy and Mineral Resources
House Natural Resources Committee
March 12, 2019**

Thank you, Mr. Chairman and members of the Subcommittee. My name is Mark Gabriel. I am the Administrator of Western Area Power Administration. I am pleased to speak to you today regarding the status of WAPA as we continue to invest in a connected energy future.

In 2018, WAPA delivered more than 27 billion kilowatt-hours of at-cost hydroelectric power to customers. This power supports the prosperity and viability of rural economies, Native American tribes, irrigation districts and other customers, who serve more than 40 million Americans in the West. Last year, about 80 percent of our nearly 700 customers experienced stable or decreased rates. WAPA's rates are often among the lowest in the country. Since 2013, we have returned \$1.8 billion to Treasury to recover the original investment in the dam and energy infrastructure.

WAPA employees were activated to support power restoration in Hawaii, Guam and the Northern Mariana Islands as part of the Federal Emergency Management Agency's disaster response teams. We responded to July's Carr Fire in northern California, which directly affected WAPA's system. In an unprecedented situation, 15 transmission lines and eight substations were out of service. Despite the challenges, we continued supplying power to the area, working with utilities to keep as many people energized as possible.

One of the most significant challenges facing the energy industry is the targeting of electric infrastructure by those who wish to disrupt America's economy and society.

In 2018, cybersecurity tools identified more than 10,000 individual cases of suspicious activity in our system. WAPA's firewalls are pinged nearly 200,000 times daily by suspicious or potentially damaging events. We have completed more than 345 physical security assessments since 2014, and will complete all asset risk assessments in 2019.

As our security posture matures, we are optimizing on interdependencies between our Cyber Security, Physical Security and Asset Management programs. We look at grid security holistically, so that each effort complements and strengthens the other, to better assign limited resources and achieve more effective protection for our extensive assets and contain costs.

WAPA participates in and hosts numerous forums to improve security. Our 2018 Technology and Security Symposium looked at threats and leading practices broadly, while a smaller meeting focused on the convergence of operational and information technology to better promote resilience of certain grid components.

WAPA is exploring new technologies that could improve the efficiency, security and effectiveness of the electric grid, including agreements regarding unused fiber capacity and incorporating artificial intelligence into suitable business practices. Participating in these initiatives will help us keep pace with industry developments, modernize the grid and invest in a connected energy future.

WAPA is evaluating its operational risk and vulnerability to wildfires. Our thorough vegetation management programs mitigate unnecessary risk, but more can be done. We are reviewing these programs for adequacy and accuracy given what we now know about wildfire prevention and taking steps with our state and federal partners to ensure we are doing what we can to prevent fires caused by powerlines.

With \$4.3 billion in assets, WAPA represents one of the top 10 largest transmission organizations in the nation. Annually, we invest about \$1.3 billion to deliver on our mission. We need to make well-informed, prudent and realistic decisions about how to invest in our infrastructure to support future needs. In the next 10 years, we anticipate investing \$1.6 billion in our assets—the largest investment since the infrastructure was originally built in the mid-20th century. WAPA continues to work with customers to flatten peaks in anticipated spending and provide attainable financial expectations.

The bulk of the re-investment will maintain and upgrade the backbone transmission assets in our system, including more than 100,000 structures along 17,200 miles of high-voltage transmission lines, 322 substations and 291 high-voltage transformers.

Our Asset Management program is looking to more efficiently acquire large power transformers by cutting the lead time for procurement in half. This effort will

support lifecycle replacements and periodic system additions and allow WAPA to more quickly recover from an unexpected loss of power transformers including a high-impact, low-frequency event.

Closing Statement

In today's increasingly complex and connected world, success requires close collaboration and mutually beneficial partnerships to preserve the value of WAPA. Through transparent and respectful partnerships with our customers and others, we can invest appropriately in a connected energy future and ensure our ability to supply premier power and transmission services at the lowest cost consistent with sound business principles.

Thank you, Mr. Chairman. I would be pleased to answer any questions that you or the Subcommittee members may have.