



November 18, 2025

Chair Sollman
Vice-Chair Brock Smith
Senate Committee on Energy and Environment
900 Court Street NW
Salem, Oregon 97301

Re: Hearing on Electric Utilities and Financial Solvency

Chair Sollman, Vice Chair Brock Smith, and Members of the Committee:

For the record, my name is Tony Schacher, and I am the General Manager of Salem Electric, which provides electricity to areas within Salem, Keizer, and Polk County. Salem Electric is a member of the Oregon Rural Electric Cooperative Association, or ORECA, who I am representing today.

I am also a member of the Federated Rural Electric Insurance Exchange Board of Directors. In a moment you will hear from the CEO of Federated, Phil Irwin on the precarious relationship between our ability to secure wildfire insurance and the solvency of our utilities.

Even as ORECA's most urban member, Salem Electric is constantly aware of our wildfire risk. As we continue to experience heightened wildfire conditions, the risk of wildfire gets ever closer to Salem. That is why we, like all Oregon electric co-ops, have a board-approved wildfire mitigation plan we submit to the Oregon PUC.

Many of my colleagues in Oregon operate in some of the state's highest fire risk territories. To meet the increasing risk, Oregon's electric cooperatives are investing more than we have ever done to harden our systems and reduce the likelihood that our systems will ever ignite a fire. This includes robust vegetation management programs, investing in modern technologies that streamline our management and inspection processes while improving safety, and engaging with our communities to ensure that as member-owners of the state's 18 electric cooperatives, they have a voice in their own safety.

Despite all of this, we believe wildfire may be the single greatest threat facing the financial solvency of Oregon's electric cooperatives. Our wildfire insurance policies are the one buffer between an electric cooperative and financial ruin from wildfire liability, but these policies are very much at risk. And if we lose those policies, there is a ripple effect that could threaten all of our liability coverages above and beyond just wildfire liability.

With us today is Phil Irwin, the CEO of Federated Rural Electric Insurance Exchange. Federated was founded by cooperatives for cooperatives and is the predominant insurance carrier for electric co-ops across the country and in Oregon.

Phil will explain the wildfire insurance landscape that electric cooperatives across the western states are navigating and what it means for them.

Thank you again for the opportunity to testify. I am happy to answer any questions.

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Sincerely,

Anthony C. Schacher
General Manager