

August 15, 2013

CRT Review (DKE)
P.O. Box 14428
Portland, Oregon 97293

U.S. Entity Coordinators, Columbia River Treaty:

Mr. Stephen Oliver
Bonneville Power Administration

Mr. David Ponganis
U.S. Army Corps of Engineers, Northwestern Division

Gentlemen:

I am writing to you as a response from a BPA stakeholder regarding your June 27, 2013 "Columbia River Treaty Review Working Draft of a Regional Recommendation." Midstate Electric Cooperative is a public preference customer of BPA that relies upon the generation assets of the Federal Columbia River Power System (FCRPS) as the primary source of federal power supply.

In your letter attached to the draft recommendation, you state the "document is still very much a DRAFT," yet it is clearly stated "it should be understood that at this point there is a tentative alignment among the U.S. Entity and Sovereigns on a number of key issues". This statement, given the fact that stakeholders of BPA have not been included in the Sovereign Review Team (SRT) meetings, is especially troubling. It is clear that the draft has significantly been influenced by the SRT, and it appears that certain parties within the SRT have used this process to further their own agendas without representation or input from the northwest electric ratepayers. These ratepayers, including our utility members, had no one to protect their interests during negotiations of the draft.

Furthermore, the draft is contradictory to BPA's mission and vision statements. BPA claims it is "committed to providing public service and seeks to make its decisions in a manner that provides opportunities for input from all stakeholders," and, a portion of BPA's vision states "BPA is a national leader in providing accountability to the region." These assertions seem to have been ignored during the review process because of procedure difficulty of adding stakeholders to the meetings between the U.S. Entity and the SRT.

The fact that representatives for the BPA ratepayers were left out of the input process and only allowed a comment period is the first problem. The second problem stems from the content of the working draft of regional recommendations. The Treaty's primary purpose should be to govern hydropower and flood risk of the Columbia River Basin, as well as any financial compensation required between the parties to manage these benefits. However, the draft recommendation places greater emphasis on a "resilient and healthy ecosystem based function" than on these two important benefits.

The ecosystem recommendations will in many cases have negative financial and operational consequences for our utility members. From our view, renegotiating an existing international Treaty is not the place to resolve specific U.S. ecosystem issues, especially considering all of the current non-Treaty environmental efforts including those under the FCRPS Biological Opinion and the multiple fish and wildlife recovery plans that are already in place today. Our members, along with

other public power customers in the Northwest have invested billions of dollars outside the Treaty through their electric rates to improve the ecosystem functions of the Columbia River Basin and will continue to do so in the years to come.

Midstate Electric does not have the resources to examine each of the Ecosystem-based function recommendations in detail. Nevertheless, it seems reasonable for us to ask for an explanation as to why these proposals are being advanced when we already have the FCRPS Bi-Op in place, particularly when some of the ideas appear to be at cross purposes with the Bi-Op.

The draft is not clear or focused and contains incompatible provisions that work at cross purposes in an effort to please all target audiences. The document leaves us vulnerable to decision makers potentially advancing a strategy based principally on ecosystem modifications rather than flood control and hydropower.

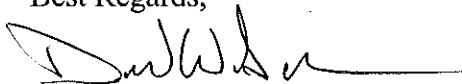
Underlying all the issues in the Treaty are economics. The availability of clean, cost-effective, reliable hydropower is vital to the economic health of the Northwest. Affordable electricity is one of the reasons we are able to attract and retain businesses where power supply is a major component of cost production. In order to participate in the hoped for regional economic recovery and to create more jobs, we cannot stress enough how critical it is to maintain or improve upon the Northwest's competitive edge for power supply.

It is our hope we can assist BPA and the Corps in moving forward to foster a wider conversation that has to date occurred behind the closed doors of the SRT process, from which Midstate Electric and many stakeholders were excluded. We encourage the U.S. Entity to design a more inclusive and diverse process for discussion and resolution of these critical issues regarding power supply and flood control, while de-emphasizing ecosystem where ecosystem issues are at cross purposes with these other priorities.

We look forward to working with the U.S. Entity and its staff in the remaining months of this year to develop a consensus regional recommendation. We recognize that a consensus may not be achievable in the time remaining. In the event it cannot be achieved, the Entity should recommend to the U.S. State Department that a 10 year termination notice be given to Canada, while not being specific as to the items the U.S. would like to bring to the bargaining table.

Thank you for the opportunity to comment.

Best Regards,



David Schneider
CEO/General Manager

CC: Elliot Mainzer, Bonneville Power Administration
Colonel John Kem, U.S Army Corps of Engineers, Northwestern Division
Matthew Rooney, U.S. Department of State
Daniel Poneman, Dept. of Energy
John Saven, CEO, NRU
Jeff Smith, Chelan County PUD