

F*Your Co-op***lathead Electric**

Community...Integrity...Reliability

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August 6, 2013

Columbia River Treaty Review Team
VIA EMAIL: treatyreview@bpa.gov

Re: Flathead Electric Cooperative, Inc. Comments on Columbia River Treaty Review Working Draft of a Regional Recommendation posted at www.crt2014-2024review.gov/RegionalDraft.aspx.

Dear Treaty Review Team:

Flathead Electric Cooperative, Inc. is the largest consumer-owned electric cooperative in Montana and its service territory includes all three forks of the Flathead River, the Kootenai River, and Hungry Horse and Libby Dams. Therefore, our members are directly impacted both from a rate-paying perspective as well as from a recreation and river operation perspective.

Flathead's trustees and management have followed the Treaty Review Process carefully, gathering information and evaluating the direction that the U.S. Entity, and more importantly, the Sovereign Review Team (SRT), seems to be headed. We were initially optimistic about the process, but based on the Working Draft of a Regional Recommendation (Draft) released by the U.S. Entity on June 27, 2013, it appears certain parties within the SRT have used this process to further their own agendas without direct representation or input from the people paying the bills, our utility members.

The primary purpose of the Columbia River Treaty (Treaty) is to govern hydropower and flood risk of the Columbia River Basin (Basin), as well as any financial compensation required from managing these two important Basin benefits. However, through the Treaty Review Process to date, these two very important benefits have become second class citizens to a "resilient and healthy ecosystem based function."

The Draft prominently includes ecosystem recommendations that in many cases will have negative financial and operational consequences on our utility members. From our view, renegotiating an existing international Treaty is not the place to conciliate specific United States 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 we have in place today. Northwest public power customers like our utility members have invested billions of dollars outside the Treaty through their electric rates to improve the ecosystem functions of the Basin and will continue to do so for many years to come.

It is also a continuing concern to Flathead that the Treaty Review Process and the makeup of the SRT did not include any direct representation from public power. Do not lose sight of the fact that the Treaty is primarily funded by northwest electric ratepayers through BPA. These ratepayers, including our utility members, had no representatives seated at the table as part of the SRT to protect their interests during negotiations of the Draft. This is simply unfair and unjust.

We continue to believe in a truly transparent regional approach that includes all parties impacted by the Treaty. It is imperative that public power representatives with broad utility and hydro operations experience be included in any negotiations, especially when considering further development of any recommendation by the SRT. Without their representation, all northwest utility customers most likely will face unfair and significant economic disadvantages that could harm the economy.

We appreciate that the Columbia River Basin is a powerful asset to our utility members and the taxpayers of the region. We look forward to seeing a final draft recommendation that refocuses on the primary purposes of the current Treaty – hydropower and flood risk.

If you have any questions or need any clarification about our concerns, do not hesitate to contact us.

Sincerely,



Kenneth A. Sugden
General Manager

cc: The Honorable Max Baucus
The Honorable Jon Tester
The Honorable Steve Daines
The Honorable Steve Bullock