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December 16, 2014

Mr. Paul Rossow, Utility Analyst
Oregon Public Utility Commission
P O Box 1088
Salem, OR 97308-1088

Dear Mr. Rossow:

Pursuant to OAR 860-29-080(2), I am filing avoided cost information on behalf of Midstate Electric Cooperative, Inc.

As a publicly owned entity, Midstate Electric buys all of its wholesale power from BPA at the priority firm (PF) rate in accordance with Section 5(b)(1) of the Northwest Power Act. Midstate Electric is a full requirements customer of BPA. Under our contract, BPA provides wholesale power at the PF rate sufficient to meeting all of our current load and future load growth. Therefore, our avoided cost will continue to be the PF rate as established by BPA in its regular rate proceedings.

Current, the average PF rate for FY 2014 is \$29.35 per MWh. BPA currently expects that rate will stay at this level until September 2015. BPA is in the beginning stages of a rate proceedings that will set rates for FY 2016 and FY 2017. As a result, the final rates for this period are unknown at this point, but we expect them to not be far different from the current PF rate levels of approximately \$31.00 per MWh. These are undelivered rates.

Our existing power supply contracts with BPA run through 2028. We will update this contract and rate information in future filings.

If you have any questions regarding this information, please contact me at your convenience at 541-536-7282 or dschneider@midstateelectric.coop.

Sincerely,



David Schneider, CPA
General Manager