

April 5, 2011

Mark Reddemann
Energy Northwest
P.O. Box 968
Richland, WA 99352-0968

Dear Mr. Reddemann:

Northwest Requirements Utilities and the Public Power Council submit the following comments on the Energy Northwest budgets for the Columbia Generating Station for FY 2012 and its Long Range Plan. Our organizations represent the publicly owned utility customers of Bonneville Power Administration. The safe, reliable and cost effective operation of this plant is critical to our member utilities. Columbia Generating Station provides more than 10% of the firm power output of the Federal Base System.

Cost predictability is also very important to BPA's customers. The operating cost of CGS makes up about 13% of BPA's total power costs. When the debt service cost of CGS, WNP-1 and -2 are added, EN's costs make up more than a third of BPA's power costs. BPA and its customers are now engaged in the rate proceeding that will set rates for the FY 2012/2013 time period. The costs of CGS, WNP-1 and -3 are a significant component of BPA's rate base. In the past, BPA's customers have been surprised by budget increases from CGS in the middle of a rate period where rates were based on prior Long Range Plans. This is not the case with this 2012 budget which is in line with the long range plans set in prior budgets. For that we express our appreciation. In addition, EN staff has devoted considerable effort to keeping BPA's customers up to date on the costs of the plant and its operation. We appreciate these efforts and look forward to their continuation.

As an outcome of the FY 2011 budget process we urged EN and BPA to work together to do two things. Find creative ways to reduce fuel cost and restructure EN and BPA debt so that the lowest cost debt service stream could be obtained. BPA and EN did both of these things. We would like to express special appreciation for the efforts of BPA and Energy Northwest in the debt restructuring and fuel cost effort that was undertaken over the last year. This required much effort by many individuals and will provide significant benefits for the upcoming rate period and into the future.

At the budget session on March 22nd we heard a commitment to live within the long range plan for FY 2013. Beyond that point there is less certainty. Recent events have lead to significant challenges for the nuclear industry. In addition, we recognize that as the incoming CEO of Energy Northwest you will have your own priorities. We ask that, as you consider the future, you work with the customers of BPA to keep us informed and involved in the development of these new programs and priorities and how they can be accommodated in the context of historic commitments and planned spending levels. For example, BPA's review of its costs for FY 2014 and 2015, the Integrated Program Review, will begin next spring. CGS, WNP-1 and WNP-3 are major components of that cost structure. To the extent that there are major cost implications from the recent events in Japan and your new priorities, the earlier you can engage in discussions with BPA's customers about these cost and performance issues, the better. We suggest that the Public Power Council is the correct forum for this discussion.

As a last point, we continue to believe that if a relatively painless way can be found to synchronize the Fiscal Years of Energy Northwest and BPA much confusion and "three quarter/one quarter" number adjustments can be avoided in future. To us this seems like a worthwhile effort.

We thank you for the opportunity to participate in this important process and look forward to our continued collaboration in the safe, reliable and cost effective operation of CGS.



Scott Corwin, Executive Director
Public Power Council



John D. Saven, CEO
Northwest Requirements Utilities

