



NEWS RELEASE – May 15, 2012

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John Dobken, Public Affairs Specialist, EN
509-377-0369/509-420-0379
Doug Johnson, Public Affairs Specialist, BPA
503-230-5840/503-713-7658

Energy Northwest, BPA Save Ratepayers Millions Through Nuclear Fuel Purchase

RICHLAND, Wash. – Northwest ratepayers became the beneficiaries today of a nuclear fuel purchase agreement that will generate \$80 million in rate case savings from 2014 to 2017 and potentially many millions more in savings through 2028.

Contracts were signed today between Energy Northwest, Tennessee Valley Authority, the U.S. Enrichment Corporation, and the Department of Energy that will begin the process of turning depleted uranium into low-cost nuclear fuel.

The depleted uranium, also called uranium tails, would be delivered to Energy Northwest for use in Columbia Generating Station following enrichment. The program is similar to a pilot project in 2005 that reduced fuel costs over \$100 million.

“This will provide a substantial benefit to Columbia and Northwest ratepayers,” said Mark Reddemann, CEO of Energy Northwest. “It will give us a stable fuel supply through 2028 and at a lower cost.”

The expected net-present value of the transaction is estimated to be in excess of \$100 million (assuming a conservative 12 percent discount rate) primarily as a result of the reduced cost of fuel purchases for Columbia.

The transaction results in near-term decreases in Energy Northwest/BPA costs of roughly \$20 million each year from 2014 to 2017, helping keep electricity rates lower than they otherwise would be. Future ratepayers will also benefit from access to low-cost fuel.

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"This transaction, while not without risk, projects to produce benefits for ratepayers who get power from BPA both near and long term," said BPA Administrator Steve Wright. "We are particularly pleased with how well EN and BPA worked together to assess and mitigate risk."

DOE approached BPA and Energy Northwest to gauge interest in uranium tailings that could be enriched to provide fuel for Columbia, similar to the 2005 pilot project. DOE has an estimated 700,000 metric tons of depleted uranium hexafluoride now scheduled for disposal.

USEC enriches uranium at the Paducah Gaseous Diffusion Plant, which it leases from DOE. Under the agreement, USEC would provide Energy Northwest with 482 metric tons of enriched uranium product from depleted uranium. Through the agreement, Energy Northwest will contract with USEC to enrich the depleted uranium and use it to fuel Columbia and to supply TVA.

Currently, Energy Northwest has enough fuel in inventory or under contract to meet its fuel reloading requirements through 2019. With the additional fuel, Columbia's fuel costs will be reduced and predictable through 2028. Columbia's expected forthcoming license renewal will extend the plant's operations through 2043.

Energy Northwest also would sell a portion of the enriched uranium to TVA beginning in 2015 to meet needs for its nuclear plants and defray some of Energy Northwest's cost.

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About Energy Northwest

Energy Northwest develops, owns and operates a diverse mix of electricity generating resources, including hydro, solar and wind projects – and the Northwest’s only nuclear generating facility. These projects provide enough reliable, affordable and environmentally responsible energy to power more than a million homes each year, and that carbon-free electricity is provided at the cost of generation. As a Washington state, not-for-profit joint operating agency, Energy Northwest comprises 28 public power member utilities from across the state serving more than 1.5 million ratepayers. The agency continually explores new generation projects to meet its members’ needs. Energy Northwest – www.energy-northwest.com.



About Bonneville Power Administration

BPA is a nonprofit federal agency that markets renewable hydropower from federal Columbia River dams, operates three-quarters of high-voltage transmission lines in the Northwest and funds one of the largest wildlife protection and restoration programs in the world. BPA and its partners have also saved enough electricity through energy efficiency projects to power four large American cities. For more information, contact us at 503-230-5131 or visit our website at www.bpa.gov.

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