

Table of Contents

A Message from the Vice President, Energy / Business Services	3
Energy / Business Services Vision and Focus Areas	4
FY09 Energy / Business Services Goals	5
Boards & Marketing Business Plan	6
O&M / Professional Services Business Plan	7
Generation Project Development Business Plan	11
General Facilities & Services Business Plan	13

Message from the VP Energy / Business Services



Jack Baker, Vice President, Energy / Business Services

The confluence of two overarching forces – the ever increasing demand for power resources and the need to address emerging global warming policies – is a regional, national and global challenge.

Energy / Business Services has a role to play in addressing this challenge on behalf of our member utilities and for the benefit of the Northwest. We anticipate power market opportunities for new generation by securing site control to develop environmentally responsible power generation and wholesale power supply services driven by dynamic public power needs. Often we have to anticipate power markets and energy policies several years in the future. We expand member benefits by developing the ability to aggregate resources and services to fulfill the joint operating agency concept.

Our Energy/Business Services Goals Remain:

1. Provide the highest quality of services to our members, project participants and customers.
2. Anticipate and provide value added power supply options to our members.
3. Expand the energy role of Energy Northwest in the region (more bubbles) such that we reduce CGS overhead costs and provide opportunities for our employees.
4. Maintain a financially sustainable organization.

Energy / Business Services has excellent resources to bring to bear on energy challenges, most significantly our team of dedicated and creative employees. Last year, completing our 50th year as a joint operating agency, we reflected on our many past accomplishments. Now we look toward a challenging future – a future of many challenges and many opportunities.

Energy / Business Services Vision

Energy Business Services (E/BS) is a trusted partner who listens and understands the customers' needs. We consistently provide comprehensive, innovative and cost effective solutions that lead to customer success.

We are a multi-talented team that values our diverse perspectives and practices our core values as we work toward a well-defined, common goal. We engage in necessary, difficult conversations to become a high-performing team. We are 100% committed to working together to accomplish our goal with a positive, enthusiastic attitude.

E/BS' success expands opportunities to serve public power, ensures financial sustainability, enhances Energy Northwest's reputation, and expands career opportunities for employees.

Energy / Business Services Focus Areas

- Develop new generation options for our members.
- Continue to expand business opportunities at IDC and ENOC.
- Increase Energy Northwest impact on regional issues.

FY09 Energy / Business Services Goals

- Obtain project participants approval to develop Radar Ridge Wind Project.
- Complete pre-development work on an additional wind project.
- Salvage value from our development work at PMEC while preserving some energy supply options at this site for our members.
- Maintain IDC rental revenue at ≥\$1M.
- Maintain high tenant satisfaction at ENOC and meet or exceed the net revenue target.
- Make positive progress with our legal disputes associated with Invenenergy and Siemens.
- Meet or exceed the adjusted availability targets for Packwood and Nine Canyon.

FY09 – FY13 Business Plan

Boards & Marketing

Mission

Provide marketing, member relations, and board services to enhance Energy Northwest's reputation in the region.

Vision

Achieve top of mind awareness with our member utilities and regional recognition as a well governed and managed public power provider of choice.

Strategies & Objectives

- Build a sustainable, consistent, and positive message of who Energy Northwest is and the services we offer
- Strengthen Energy Northwest's member value proposition
- Strengthen relations with current and prospective members
- Enhance the efficiency and effectiveness of our governing boards

FY09 Focus Areas

- Participate in the development of the Energy Northwest FY10 strategic plan
- Complete a third-party performance audit of the executive board and develop and begin to implement action plans to address Areas for Improvement (AFIs)
- Develop and begin to implement a marketing plan for EN and its key business initiatives
- Complete logo registration and implement throughout company in all aspects of logo usage to establish consistent and professional image and build brand equity
- Develop a professional exhibit for tradeshow and expos consistent with the strategic objectives
- Re-design a quality website (e.g. accurate, informative, professional, and user-friendly) that improves the visibility and image of Energy Northwest and results in higher utilization (Marketing, Communications, and IS effort)
- Develop proactive communication plan for new generation projects (includes Marketing, Communications and Generation Development)
- Develop appropriate marketing materials for diverse groups within EN to ensure consistency, clear messaging, and a fresh look
- Identify and offer additional benefits for members
- Develop a prospective member information packet to increase membership interest
- Identify potential projects through member visits/contacts
- Complete 66 or more member visits
- Complete 12 or more prospective member visits
- Attend 10 or more association-related meetings

FY09 – FY13 Business Plan

O&M / Professional Services

Mission

Provide effective project management, operation and maintenance services. Achieve economically sustainable business growth that provides benefits to our members, customers, the people of the region we serve, and Energy Northwest employees.

Vision

Be recognized as a top provider of quality, cost effective O&M / Professional and Technical Services. We are the “Go to Team” in the eyes of our customers.

Strategies & Objectives

People:

- Be customer oriented by understanding and meeting their needs.
- Develop and retain a mix of skilled talent essential to support current activities and customer requirements.
- Develop a cost effective, responsive and flexible maintenance team.
- Establish a partnership with union labor to broaden our capabilities, increase our skills and expand our flexibility to support the needs of our power generation facilities and our customers.

Process:

- Provide comprehensive facility status communications to our power customers and Energy Northwest management.
- Optimize the cost of our generating facilities.
- Develop and optimize supporting programs and processes necessary to effectively operate and maintain our generating facilities.
- Reduce the costs of operations through cost reduction and economies of scale.

Plant:

- Maximize adjusted availability of power generation facilities.
- Ensure longevity of the facility equipment.

Business Development:

- Determine best business lines to prioritize efforts towards and concentrate resources on these.
- Focus on business development goals and develop a competitive oriented culture.
- Increase the awareness of our potential customers of our reputation, benefits and services.

LONG-TERM OBJECTIVES

- Build a reputation as an outstanding provider of O&M and Professional services
- Be self-sustaining financially (can cover our own O&M Sector overheads) by 2010
- Sustain positive revenue growth
- Expand our business to provide employment opportunities for 25 Energy Northwest employees by 2010
- Maintain a customer satisfaction rating of excellent as measured by client surveys

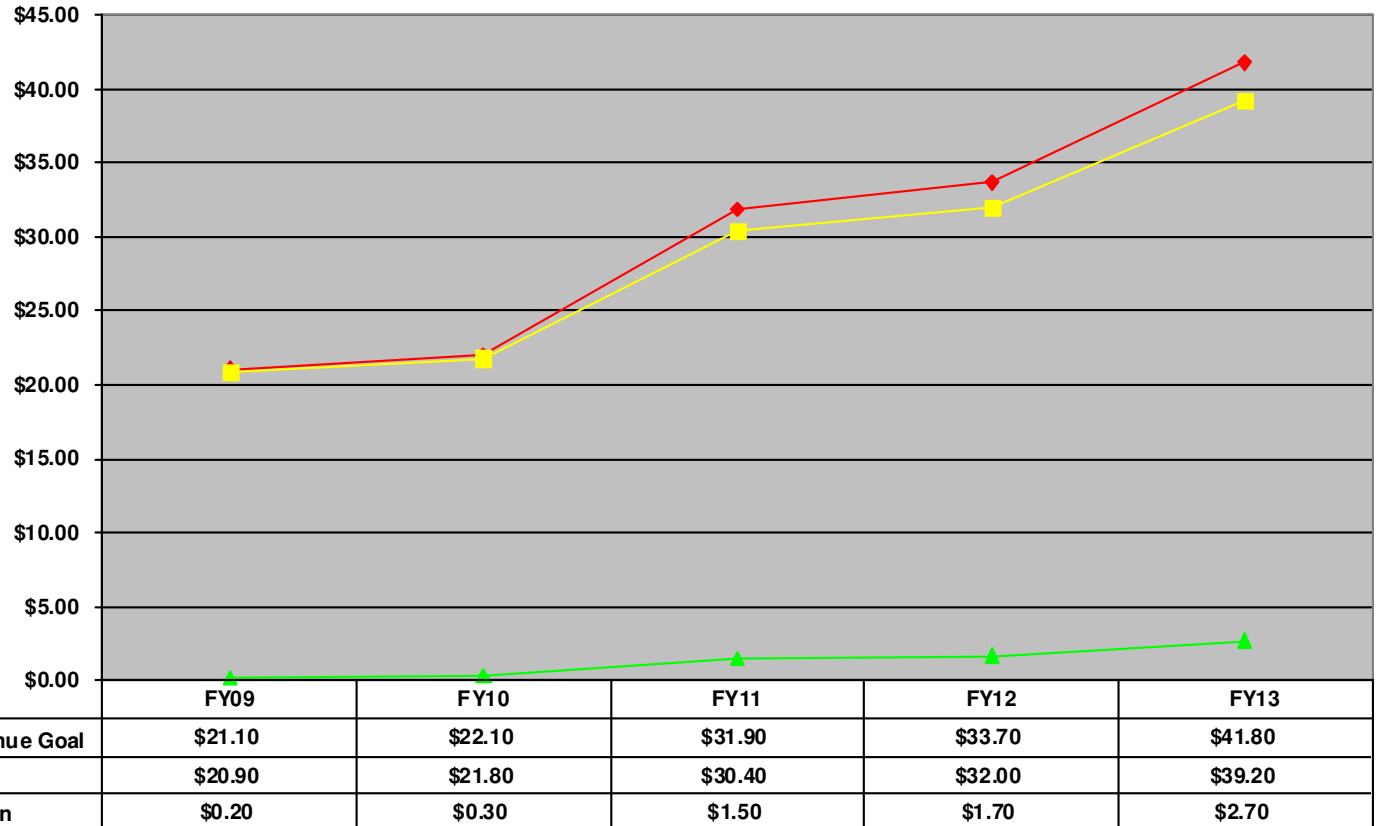
O & M PLANNING REQUIREMENTS

Each Business Line Manager within the sector completes a Business Line Folder with Business Planning Requirements:

- Business Line Description
- Strengths, Weaknesses, Opportunities and Threats
- Competitive Checklist
 - Threat, Specialty, Market Share, Alliances, Public Power Focus, Quality, Experience
- Value received by customer
- Target Market
- Marketing Strategies
 - Innovation, Customer Relations or Low Cost
 - Goal of Strategy
- Exit Strategy
- 5 Year Revenue and Cost Forecast
- What can we learn from the past (evaluation)

Annual Revenue Goals

O&M / Professional Services Revenue, \$MM



Nine Canyon revenues are expected to increase at 3% / year for the period with cost recovery and no margin. Revenues for FY09 are expected to be \$14.9MM.

Packwood revenues are expected to increased at 3% / year for the period with cost recovery and no margin. Revenues for FY09 are expected to be \$2.9MM

Growth is expected to come from new business lines-Special Coatings comprised of a high voltage insulator coating, CSL and a mechanical coating, Enercon. Providing these products and the application services to public power customers as well as industrial facilities and privately owned utilities affords the opportunity to make margins on the non-public customers. Revenues for FY09 are expected to be \$0.7MM with a margin of \$0.2MM. Revenues and margins are expected to grow at a 40% / year rate for the period.

Another growth area is the O&M of EN developed and other non-owned/developed projects. The plan is to operate these facilities with labor costs at competitive market rates with bonus/penalty incentives for negotiated availability, cost control, safety and

environmental performance. Revenues are expected to be \$8.5MM beginning in FY11 with another \$6MM in FY13 with margins of \$1.0 and \$0.7 escalating at 3% / year.

Another revenue growth area is providing craft support for member or other public utilities to support project/license driven capital additions. We expect to make 10% margin to recover EN overheads but don't expect to expend any significant EN resources as the craft support is supplied through a BOA contract. Revenues for FY09 are expected to be \$0.3MM with a margin of \$0.03MM. Revenues and margins are expected to grow at a 50% rate for the period.

The balance of the revenue will be the traditional business lines of Engineering Services, Construction and Maintenance Services, Roving Maintenance and Professional Services. Revenue for FY09 are expected to be \$2.3MM with no margin escalating at 3% / year for the period.

FY09 – FY13 Business Plan

Generation Project Development

Mission

Provide power generation and wholesale power supply services that are valued and driven by dynamic public power and regional utility needs.

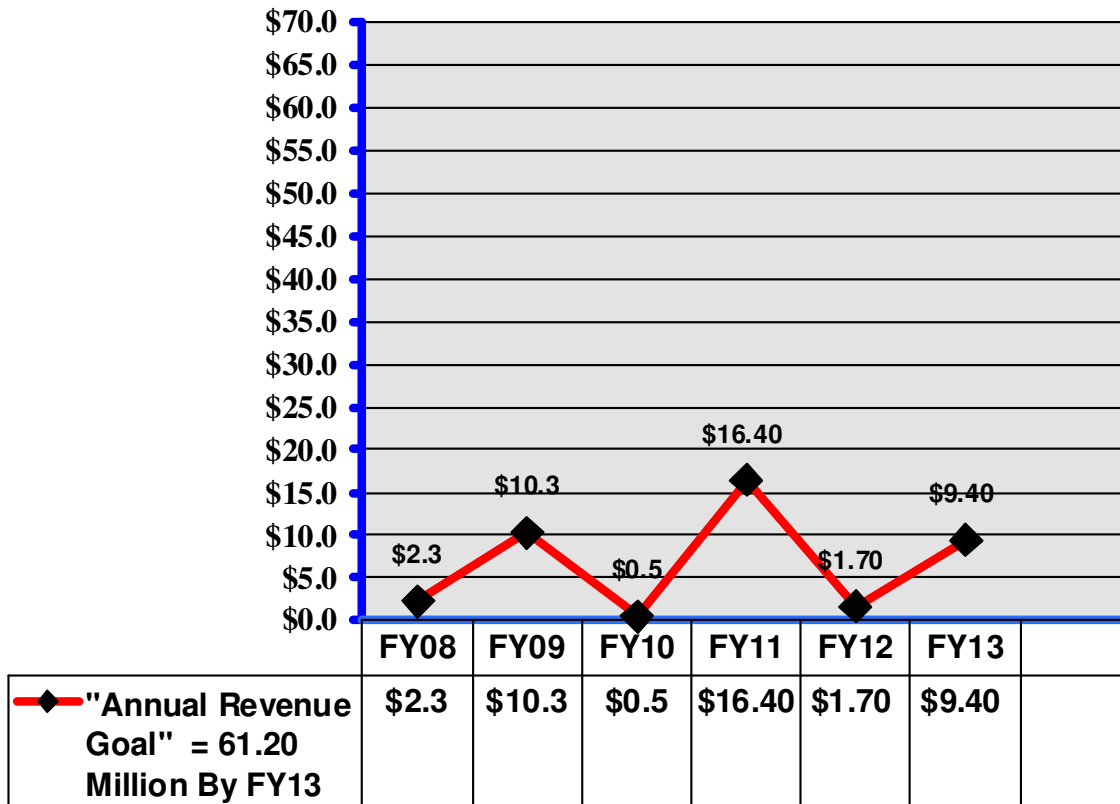
Vision

An innovative, resourceful and respected provider of cost-effective, reliable and responsible power generation supply resources. Recognized as a regional leader in wholesale power supply solutions.

Strategies & Objectives

- Support the strategic planning of the organization in developing strategic targets and engaging with public power generation supply needs (option term sheets, technology research, power generation system education and energy solutions).
- Anticipate power market opportunities for new generation by securing site control to develop, cost effective and environmentally responsible generation resource offerings for presentation to the target market.
- Develop marketable and financially feasible project development business plans and project development strategies that maximize the opportunity for public power energy project ownership and development funding.
- Improve Energy Northwest member and general customer utility confidence and trust in new generation projects and energy solutions through fostering reliable and cost-effective operation of newly developed generation projects and energy solutions.
- Develop, obtain, and retain talent, skills, and expertise required to successfully plan, procure and/or develop and construct new generation facilities and energy solutions.
- Develop a viable and marketable power systems services concept that will either enhance a new power generation resource offer or provide a broader power resource management solution.

Annual Revenue Goals



Project	Fiscal Year	2008	2009	2010	2011	2012	2013
Reardan Wind		2.3	0.03	0.0	0.0	0.0	0.0
Greys Harbor 50 MW Option		0.0	5.0	0.0	0.0	0.0	0.0
Radar Ridge Wind 60 MW		0.0	0.3	0.5	6.0	0.0	0.0
Mustang Ridge Wind 100 MW		0.0	0.0	0.0	0.4	0.7	7.0
Toutle Mountain Wind 100 MW		0.0	0.0	0.0	0.0	0.0	0.4
Kalama Energy		0.0	5.0	0.0	10.0	0.0	0.0
Natural Gas Turbine		0.0	0.0	0.0	0.0	1.0	2.0
TOTAL		2.3	10.33	0.5	16.4	1.7	9.4

- Notes:
- 1) Includes all new generation- post Columbia and Packwood
 - 2) In 2008, new projects are required to obtain up front financial funding for 75% of development costs. Projects will continue to conduct predevelopment and early wind resource evaluation testing performed at EN risk.
 - 3) The Reardan revenue reflects an asset sale and follow-up support services
 - 4) Grays Harbor is reflected as a potential one time settlement. The agreement may be over 5 years
 - 5) Kalama Energy revenue reflects the development value of \$5 M at development completion, a second payment of \$10 M at construction start and a negotiated O&M contract at commercial operation
- 2008
- 2008
- 2009
- 2009/2011

FY09 – FY13 Business Plan

General Services & Facilities

Mission

Provide utility-related and commercial services that are valued and driven by our customers.

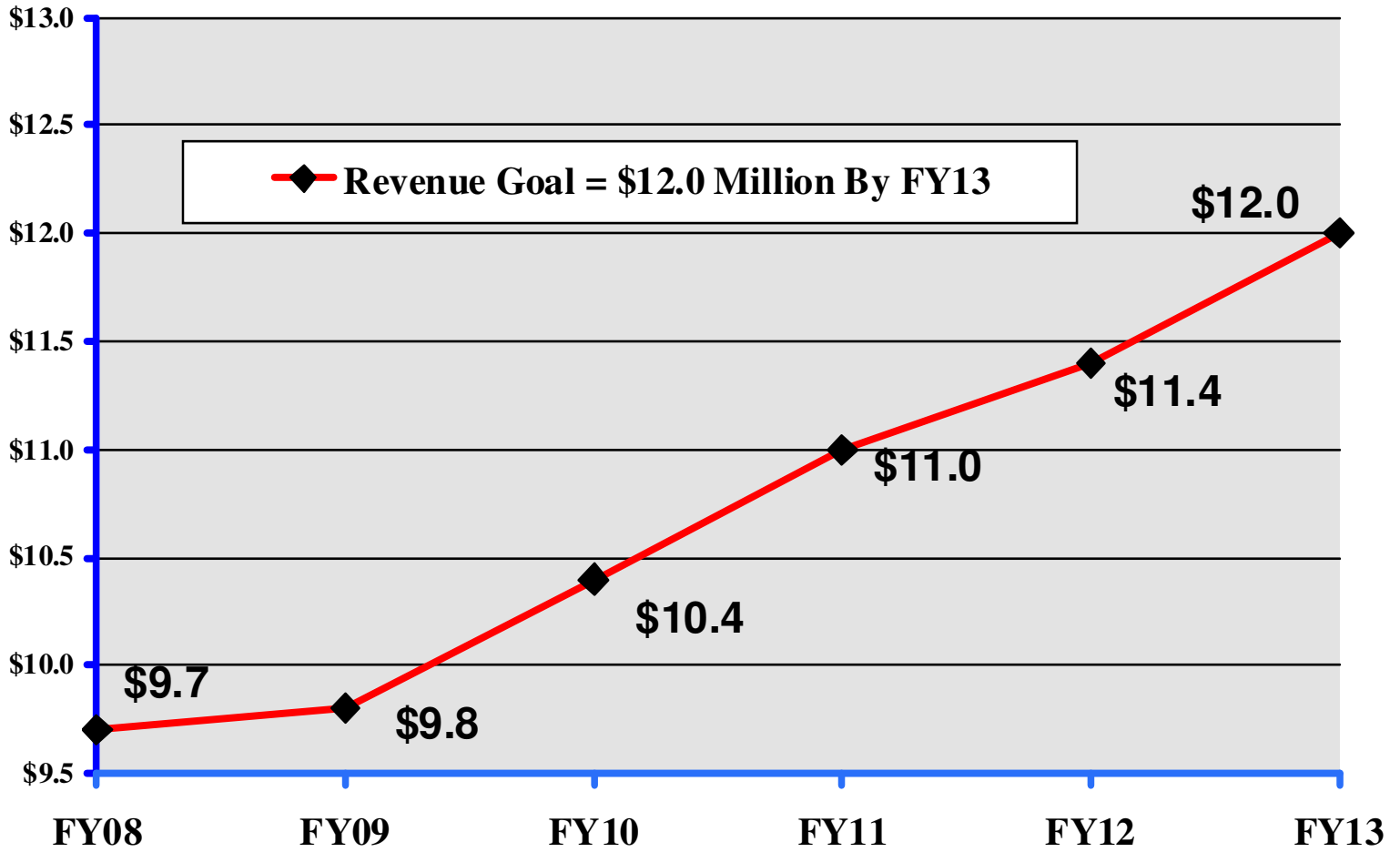
Vision

To become an innovative, resourceful and respected provider of progressive utility-related and commercial services.

Strategies & Objectives

- Develop, obtain, and retain talent, skills, and expertise required to successfully lead, manage and operate business lines.
- Aggressively focus on market-based evaluation of existing and new service opportunities.
- Expand member benefit by developing the ability to aggregate resources and services to fulfill the JOA concept.
- Aggressively evaluate and forge partnerships, alliances, and affiliations.
- Maximize utilization of Energy Northwest Office Complex (ENOC) Facilities – MPF, APEL & CDC. Develop 5 year forecast for revenue, operations cost, major maintenance cost and capital.
- Maximize utilization of the Industrial Development Complex (IDC)
- Develop confidence and trust with DOE/Hanford primary and subcontractors.

Annual Revenue Goals



FY09 General Services & Facilities
Latest Revised Estimate - Revenue, Cost & Net Margin

Business Line / Business Project	FY08 Latest Revised Estimate - April 2008				FY09 Budget As of 2/25/08			
	Revenue	Expense	Margin	Margin %	Revenue	Expense	Margin	Margin %
Fluor Calibration Services	1,048.1	940.0	108.1	10.3%	888.0	912.7	(24.7)	-2.8%
Columbia Calibration Services	1,656.9	1,658.2	(1.3)	-0.1%	1,547.2	1,546.2	1.0	0.1%
Commercial Calibration Services	625.0	477.0	148.0	23.7%	508.9	521.1	(12.2)	-2.4%
Total Calibration Services	3,330.0	3,075.2	254.8	7.7%	2,944.1	2,980.0	(35.9)	-1.2%
Environmental Laboratory Services	300.0	300.0	-	0.0%	350.0	352.1	(2.1)	-0.6%
CGS Environmental Svcs (includes EMS)	1,731.0	1,732.0	(1.0)	-0.1%	1,812.1	1,811.1	1.0	0.1%
Sanitary Waste Treatment Services	73.0	71.3	1.7	2.3%	73.0	64.3	8.7	11.9%
Total Environmental Services	2,104.0	2,103.3	0.7	0.0%	2,235.1	2,227.5	7.6	0.3%
Telecomm Services - ENOC	168.9	99.2	69.7	41.3%	134.0	119.7	14.3	10.7%
Broadband Services (excludes NoaNet Debt)	43.8	30.6	13.2	30.1%	52.0	36.4	15.6	30.0%
Total Information & e-Services	212.7	129.8	82.9	39.0%	186.0	156.1	29.9	16.1%
General Services Total	5,646.7	5,308.3	338.4	0.5	5,365.2	5,363.6	1.6	0.2
APEL	1,841.1	1,602.2	238.9	13.0%	1,784.0	1,529.4	254.6	14.3%
CDC	370.0	319.0	51.0	13.8%	373.9	361.1	12.8	3.4%
MPF	976.3	1,028.6	(52.3)	-5.4%	1,019.0	1,065.4	(46.4)	-4.6%
IDC Leasing	881.7	768.6	113.1	12.8%	1,040.5	926.5	114.0	11.0%
Facilities Total	4,069.1	3,718.4	350.7	8.6%	4,217.4	3,882.4	335.0	7.9%
General Services & Facilities Total	9,715.8	9,026.7	689.1	7.1%	9,582.6	9,246.0	336.6	3.5%

FY08-FY13 General Services & Facilities Revenue Forecast

General Services & Facilities	FY08 LRE	FY09 (Outage)	FY10	FY11 (Outage)	FY12	FY13 (Outage)
Fluor Calibration Services	1,048.1	988.0	980.9	958.0	900.0	875.0
Columbia Calibration Services	1,656.9	1,547.2	1,542.1	1,593.6	1,588.4	1,641.4
Commercial Calibration Services	625.0	650.0	900.0	1,150.0	1,450.0	1,650.0
Total Calibration Services	3,330.0	3,185.2	3,423.0	3,701.6	3,938.4	4,166.4
Environmental Laboratory Services	300.0	350.0	375.0	400.0	425.0	450.0
CGS Environmental Svcs (includes EMS)	1,731.0	1,812.1	1,815.0	1,866.5	1,869.4	1,922.5
Sanitary Waste Treatment Services	73.0	73.0	73.0	73.0	73.0	73.0
Total Environmental Services	2,104.0	2,235.1	2,263.0	2,339.5	2,367.4	2,445.5
Telecomm Services - ENOC	168.9	134.0	138.0	142.2	146.4	150.8
Broadband Services (excludes NoaNet Debt)	43.8	52.0	53.6	55.2	56.8	58.5
Total Information & e-Services	212.7	186.0	191.6	197.3	203.2	209.3
General Services Total	5,646.7	5,606.3	5,877.6	6,238.4	6,509.0	6,821.2
APEL	1,841.1	1,784.0	1,837.5	1,892.6	1,949.4	2,007.9
CDC	370.0	373.9	392.8	404.6	416.7	429.2
MPF	976.3	1,019.0	1,044.4	1,070.5	1,102.6	1,135.7
IDC Leasing	881.7	1,040.5	1,200.0	1,350.0	1,450.0	1,600.0
Facilities Total	4,069.1	4,217.4	4,474.7	4,717.7	4,918.8	5,172.8
Total	9,715.8	9,823.7	10,352.3	10,956.1	11,427.8	11,994.1

General Services & Facilities Business Line Summary

Calibration Services

Fluor Calibration Services FY09 revenue decreased to \$888K. Decrease from FY08 due to reduced volume and price reduction to offset over recovery of HAMTC pension contribution. Expect Fluor volume to reduce 7-10% a year. Our strategy is to increase Bechtel National volume to offset the reduction in Fluor.

CGS Calibration Services FY09 revenue = \$1,549K Direct Costs = \$762K + \$80K
Outage with Margin = \$0.

Commercial Calibration Services FY09 revenue increased to \$509K; \$150K increase over FY08.

Environmental Services

CGS Environmental services FY09 revenue = \$1,814K Direct Costs = \$967K + \$35K
Outage with Margin = \$0

Commercial Environmental Services FY09 revenue target is \$355K; 2% decrease from FY08

Information Services

Telecom Services provides telephone services to Bechtel National in the MPF, Main and CDC facilities. FY09 revenue forecast \$176.4K. Potential for increasing revenue is limited to price increases.

Broadband Services provide space at APEL for computer equipment and access to NoaNet fiber to local telecom and internet providers. FY09 revenue forecast \$47.6

Energy Northwest Office Complex (ENOC) Facilities

Capital Development Corporation (CDC) Facility (20,000 Sq Ft)
100% occupancy – Three-year lease with two one-year options
Bechtel National - \$374K revenue / year

Advanced Process Engineering Lab (APEL) Facility (125,000 Sq Ft)
98% occupancy
IsoRay leasing APEL Annex & High Bay - \$360K revenue / yr
PNNL anchor tenant - \$1,321K revenue / yr
InovaTek, EAS & EN Environmental Services - \$115K revenue / yr

Multi-Purpose Facility (MPF) Facility (69,000 Sq Ft)
96% occupancy - Three-year lease with two one-year options
Bechtel National and S&S Hospitality - \$1,019K revenue / yr

ENOC Maintenance Shop (4,000 Sq Ft)
Maintenance shop for equipment, materials and C&MS personnel

ENOC Facilities Business Case Assessment
Create a ten year ENOC Facility Vision
Develop strategies and assumptions
Evaluate keeping versus selling facilities
Evaluate building new corporate facility
Business case assessment target completion October 2008

Industrial Development Complex (IDC)

80% Occupied
FY 2009 revenue target is \$1,041K; 50% increase over FY 2008
IDC Tenants: Bechtel National, Ausra, Washington Closure Hanford, Energy Solutions and CGS.
No asset sales planned for FY 2009 and out years.
Continue to focus on reducing IDC annual fixed cost to less than \$150K.