



**ENERGY
NORTHWEST**

Columbia Generating Station Long Range Planning

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Columbia's Goal

The development, implementation and maintenance of a predictable, reliable and fiscally responsible Long Range Plan (LRP) utilizing a phased approach to project execution.

Importance (Regional Perspective)

- ✦ Regional Price Stability
- ✦ Transparency
- ✦ Reliability of Generation
- ✦ Cost of Power

Importance (Internal Perspective)

- ✦ Personnel Resource Management
- ✦ Staffing Decisions
- ✦ Budget Decisions
- ✦ Production/Fabrication Decisions
- ✦ Quality of Life

Recent Successes

- ✦ INPO Strength in Long Range Planning
- ✦ Line Ownership of Process
- ✦ Communications with the Region
- ✦ Project Controls and Accountability
- ✦ Meeting our Cost Targets

We are Here

- ✦ Eight Weeks to R19
- ✦ Fiscal Year 2010 Budget in Review and Approval
- ✦ Working on Fiscal Year 2011 Project Lists
- ✦ Reviewing Fiscal Year 2010 Projects for Cost Savings
- ✦ Implementing Improvements to LRP Process
- ✦ Driving for Budget Reductions

Goals for Fiscal Year 2010

- ✦ Continue to Populate the LRP
- ✦ Improve the Estimating Process
- ✦ Implement a Results Monitoring Process
- ✦ Incorporate Project and Enterprise Risk Assessment
- ✦ Demonstrate Quantitative Risk Assessment Benefits
- ✦ LRP Workshop after the Outage

Fiscal Year 2011 Major Projects

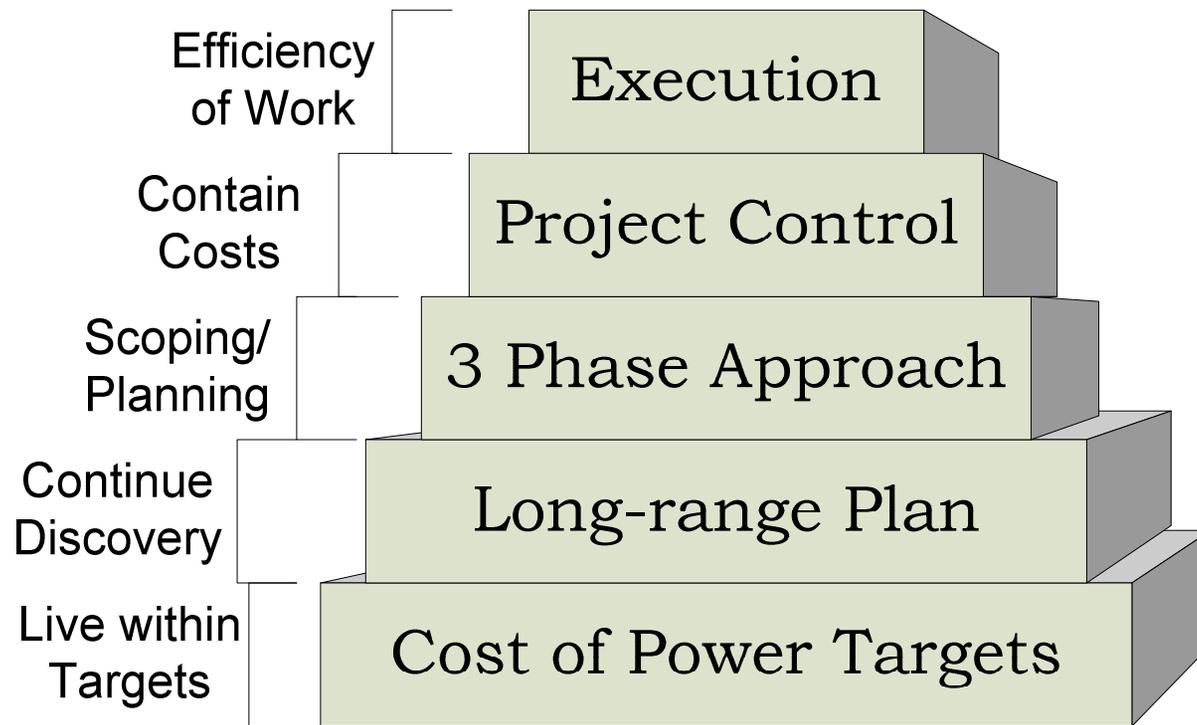
- ✦ Main Condenser Replacement
- ✦ Main Generator Rotor Replacement
- ✦ MSIV Level 2 -> Level 1 Logic Change
- ✦ Plant Fire Detection System Upgrade
- ✦ On-Line Noble Metal Application System
- ✦ Feedwater Heater Level Control System
- ✦ Replace Cooling Tower Fill Materials

Challenges

FY10 FY11 FY12

- ✦ Main Condenser Project
- ✦ Computer Security Changes
- ✦ Plant Physical Security Changes
- ✦ Outage Scope/Duration & Cost Escalation
- ✦ Nuclear Fuel Costs

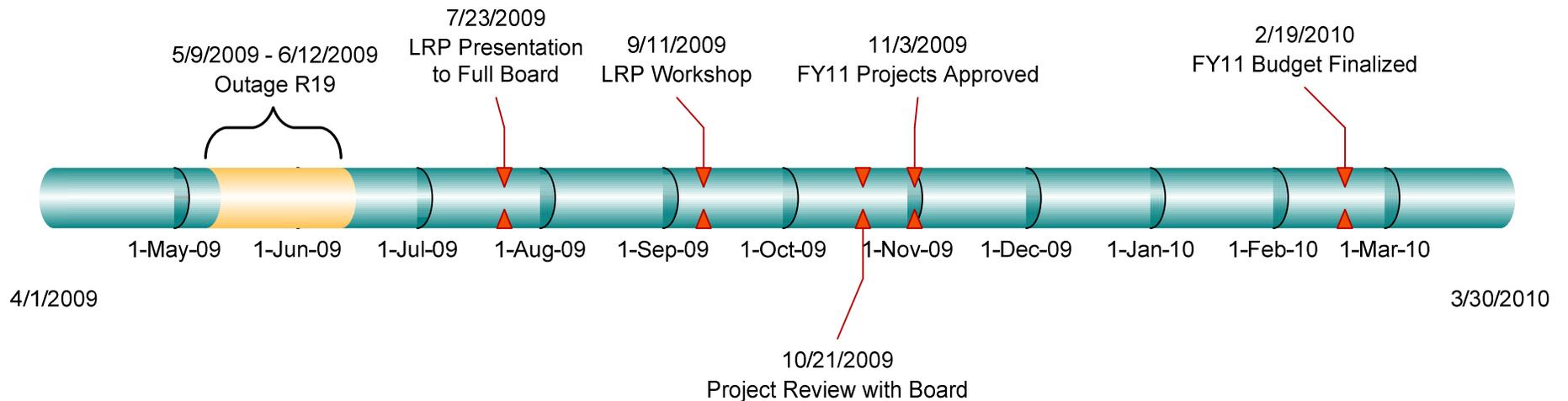
Building for the Future



Bryce Shriver Report

- ✦ Annually, complete a more detailed evaluation of the long-range plan for the following three years.
- ✦ Emphasis should be placed on the scope, schedule, planning and cost of major projects, fuel procurement and staffing.

Schedule for Fiscal Year 2010



Key Assumptions

- ✦ Escalation Rate 3.5% starting in FY10
- ✦ Exception: Medical Benefits escalated @ 9% in FY11/FY12, and 7% thereafter
- ✦ Condenser materials costed in FY09/10/11/12
- ✦ The condenser project values for FY09-FY12 are already escalated and do not need to be adjusted for inflation again.
- ✦ Assumes that increases in FTE in Engineering and Operations are absorbed in 18 months as planned

Baseline Costs

Item Description	Calendar Year				
	2009	2010	2011	2012	20
	FY10	FY11	FY12	FY13	
	BPA Rate Period		BPA Rate Period		
Direct and Indirect O&M Costs					
Baseline costs	\$ 117,361	\$ 116,373	\$ 117,537	\$ 114,345	
Outage Costs (Incremental)	880	39,000	900	20,000	
Admin / General (A&G) O&M includes escalation	64,879	66,266	69,062	73,824	
O&M Projects	13,680	46,734	9,075	41,528	
Facilities O&M Projects	569	550	550	550	
Information Technology O&M Projects	412	155	155	475	
O&M Risk Reserve	793	1,593	830	2,000	
Outage Risk Reserve	-	1,095	-	1,084	
Baseproj Contingency	-	312	500	500	
Subtotal Direct & Indirect O&M Costs	\$ 198,574	\$ 272,078	\$ 198,609	\$ 254,306	
Escalation on Direct & Indirect	-	7,203	9,227	19,622	
Subtotal Direct & Indirect O&M Costs	\$ 198,574	\$ 279,281	\$ 207,836	\$ 273,928	

Capital Costs

Item Description	Calendar Year			
	2009	2010	2011	2012
	FY10	FY11	FY12	FY13
	BPA Rate Period		BPA Rate Period	
Capital Costs				
PHC Capital Projects	\$ 15,550	\$ 29,747	\$ 12,729	\$ 20,992
Moveable Capital & Downtown Capital Projects	872	1,300	1,300	1,300
Facilities Capital Projects	1,568	5,700	9,911	5,990
Information Technology Capital Projects	12,744	6,020	5,008	6,016
Admin / General (A&G) Cap includes escalation	6,167	10,000	8,000	8,100
Capital Risk Reserve	4,000	6,054	3,746	3,892
Main Condenser Replacement includes escalation	32,831	30,600	8,460	-
Subtotal Capital Costs	\$ 73,732	\$ 89,421	\$ 49,154	\$ 46,290
Escalation on Capital Costs	-	1,709	2,329	4,152
Subtotal Capital Costs	\$ 73,732	\$ 91,130	\$ 51,483	\$ 50,442

Fuel and Total Costs

Item Description	Calendar Year			
	2009 FY10	2010 FY11	2011 FY12	2012 FY13
	BPA Rate Period		BPA Rate Period	
Fuel Related Costs				
Nuclear Fuel Amortization	\$ 36,415	\$ 28,414	\$ 43,555	\$ 38,081
Spent Fuel Fee	8,989	7,014	8,918	8,280
Subtotal Fuel Related Costs	\$ 45,404	\$ 35,428	\$ 52,473	\$ 46,361
Total Unescalated Budget	\$ 317,710	\$ 396,927	\$ 300,236	\$ 346,957
Total Escalation	-	8,912	11,556	23,774
Total Costs - Industry basis	\$ 317,710	\$ 405,839	\$ 311,792	\$ 370,731
Total Net Generation (Gwh)	9,258	7,182	9,383	8,455
Outage Days	-	78	-	33
Cost of Power (Cents per kWh, constant FY10\$)	3.432	5.527	3.200	4.103
Cost of Power (Cents per kWh, escalated)	3.432	5.651	3.323	4.385

**Columbia Generating Station
FY10/FY11 Rate Case Period**

Current efforts to lower costs during the rate period:

- Fuel purchases, costs reduced and moved to FY10
- Outage duration reduced from 88 days to 78 days
- FY10/FY11 Risk Reserves reduced

Ongoing efforts to reduce costs:

- Review of Operations & Maintenance (O&M) budgets for additional reductions



Questions?