

Energy Northwest

Presentation for
Bonneville Power Administration
Sounding Board

February 11, 2004

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Current Status

- 223 days on line
- FY04 year end budget forecast – within 1% of original budget (controllable parameters)
- FY04 generation estimate is 9505 GWh (99% of budgeted generation) with a capacity factor of 98%
- Challenged with plant condenser performance
- Equipment reliability is challenging plant generation

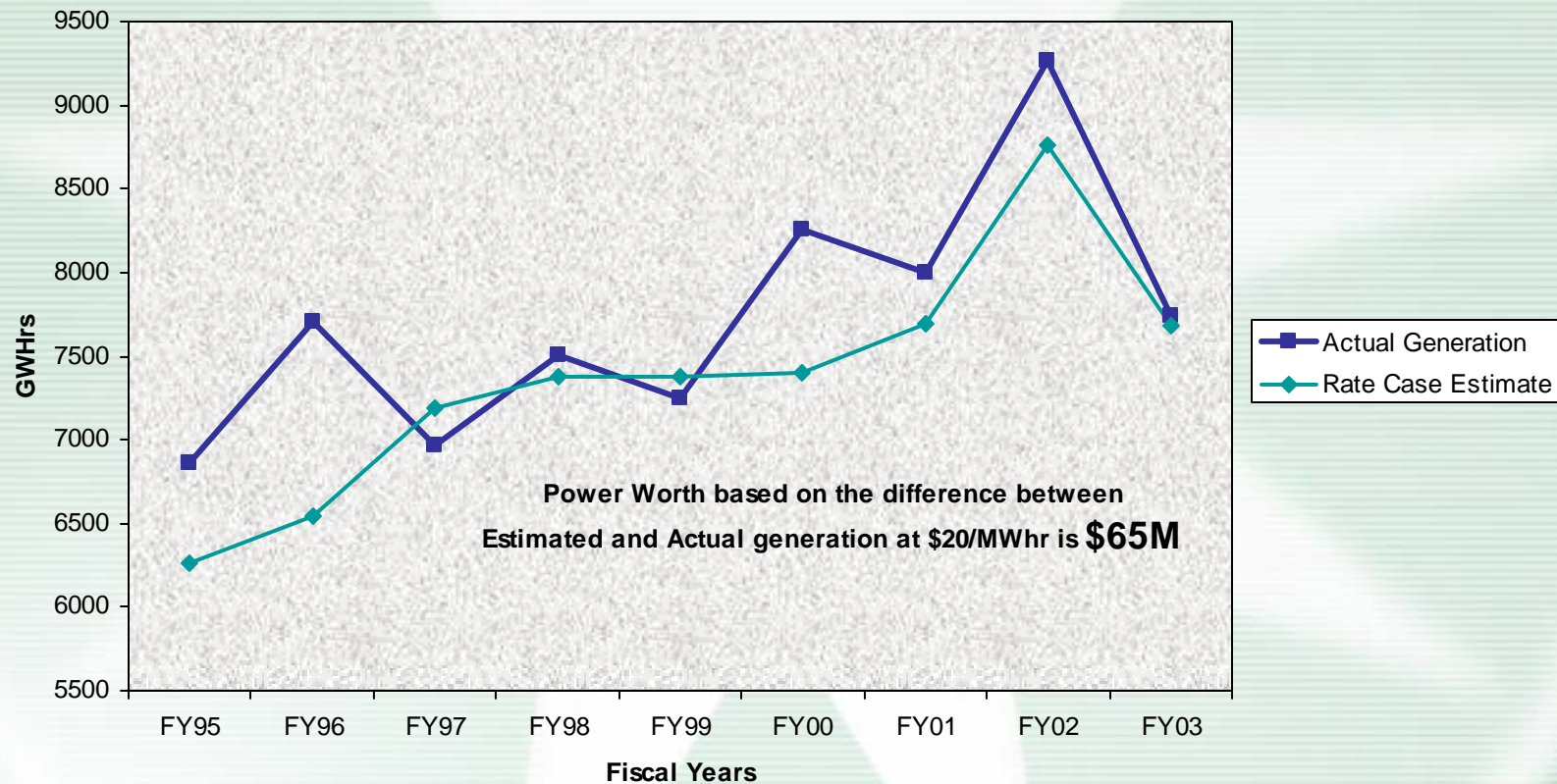
FY03 Performance

- Performance did not meet Energy Northwest expectations (top quartile performance is our target)
- CGS completed it's longest continuous run of 369 days and generated in excess of rate case assumptions but below budgeted forecast generation
- Staff was challenged by several equipment issues with mixed success
- As a result, an initiative was begun immediately following R-16 Refueling Outage to address identified areas for improvement – Quest For Excellence (QFE)

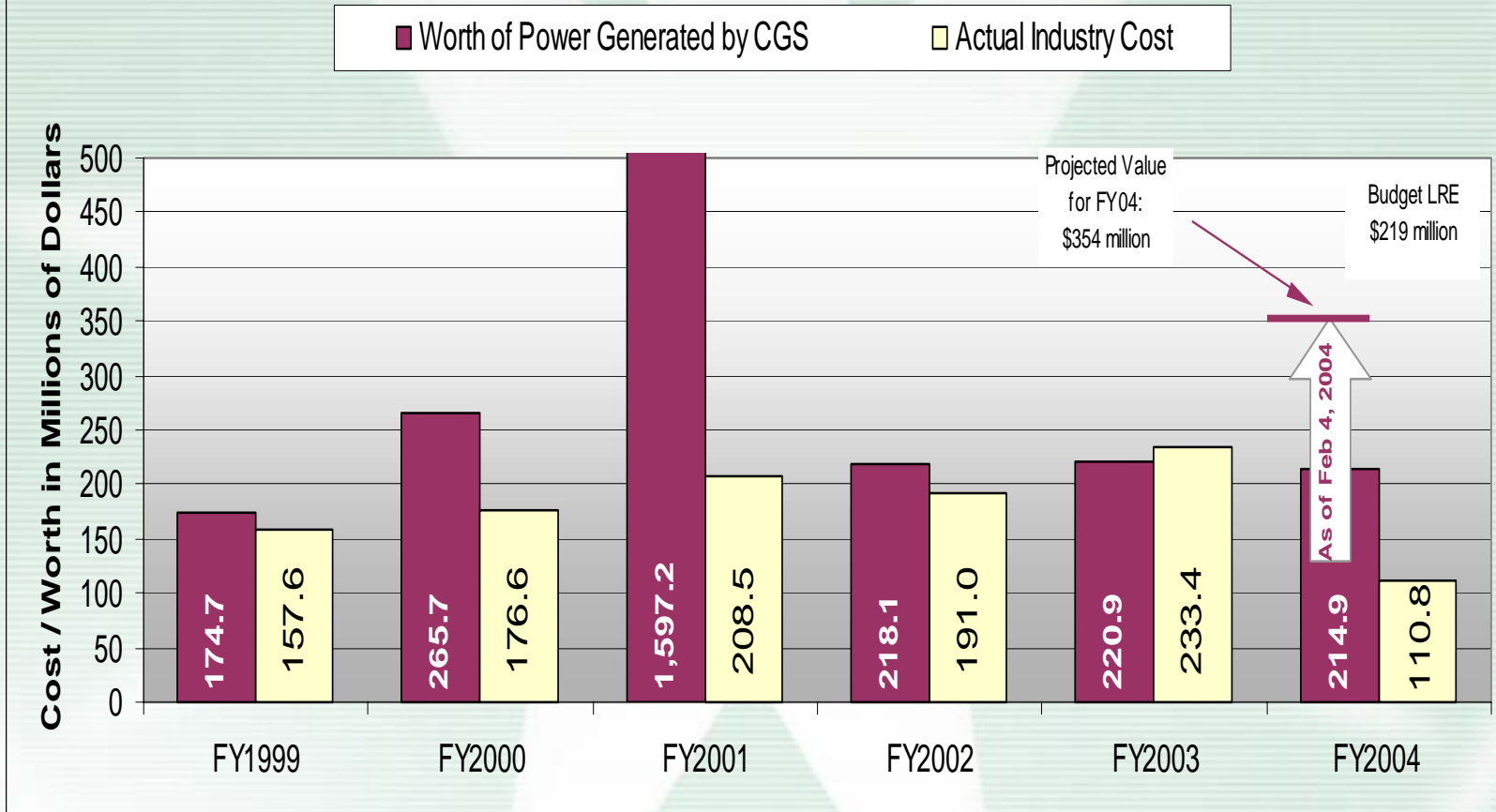
Quest For Excellence

- Addresses all areas of performance
 - Equipment reliability
 - Personnel
 - Outage
 - Cost tracking
 - Nuclear, Industrial & Radiological Safety
- Hired a new Outage Manager
- Implementing Activity Based Management program
- Evaluating long term hardware issues (condenser replacement, repair of main generator rotor)

Columbia Generation



Power Worth and Operating Costs for Columbia Generating Station



Source: Dow Jones Electrical Price Index (Cal/Or) border & Mid Columbia

Future Initiatives

- License Renewal – extends operating life of plant 20 years (2043)
 - Cost of Implementation - \$17.1M
 - Net Present Value \$216M (based on conservative assumptions)
- Potential for Power Uprate of up to 175 Mwe
 - Potential for adding output at acceptable Capital costs
 - Very slight increase in O&M resulting in potentially lower overall cost of power
 - Not currently under “active” review

Conclusion

- We at Energy Northwest
 - Have constructed and are operating 49 (63.7 Mwe) wind turbines (Audubon Society endorsed)
 - Operate Packwood Hydroelectric Power Station
 - Have constructed and are operating White Bluffs Solar project
 - We are leading an effort to develop Biomass energy with local Pacific NW Dairy owners and operators
 - We are working towards an Environmental Management System (ISO 14001) certification in FY05
- We recognize the regional responsibilities of safe, reliable and affordable energy with minimal environmental impact
- We will continue our efforts to improve Columbia Generating Station safety and production costs