



Public Power Council

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January 25, 2006
Via Electronic Mail

Edward E. (Ted) Coates—Mail Drop 140
Executive Board Chairman
Energy Northwest
P.O. Box 968
Richland, WA 99352-0968
c/o: Susan Barwick (slbarwick@energy-northwest.com)

RE: Public Power Council Recommendation on Columbia Generating Station (CGS) Debt Extension

Dear Mr. Coates:

PPC has reviewed the new BPA analysis performed of the proposed \$350 million CGS debt extension. Although BPA's cumulative, total debt service costs are now projected to be greater by \$46 million FY07-24 than they would be without the debt extension (compared to a reduction of \$64 million FY07-24 in the earlier analysis), the near-term (FY07-09) reduction in total debt service costs are projected to be greater by \$5 million on average, annually, than in the prior analysis (\$16 million versus \$11 million).

In addition, there is a new benefit compared to the earlier analysis in that BPA's total debt outstanding is reduced by \$100 million by 2024. BPA shows a positive net present value of the savings through 2024 provided by the debt extension of \$5 million. However, there are additional savings post-2024 that are not captured by this analysis, associated with the \$100 million reduction in total debt outstanding. In this regard, BPA responded to customer requests at a January 23 workshop and has produced a new net present value of the savings created by the proposed debt extension, incorporating the interest savings generated by the lowered debt after 2024. This additional analysis shows the net present value through 2044 of the debt extension to be \$49 million.

PPC conducted an electronic poll of its Executive Committee (over a necessarily short period of time), and by a 12-5 vote of those responding, PPC continues to offer its cautious support of the CGS debt extension proposal.

Once again, thank you for considering BPA's customers' views in your deliberations. If you wish to discuss this matter with PPC, please contact me or Annick Chalier at achalier@ppcpx.org, 503-595-9778.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Showalter', written in a cursive style.

Marilyn Showalter
Executive Director

cc: Paul Norman, BPA
David Armstrong, BPA