

# McCULLOUGH RESEARCH

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Date: May 14, 2015  
To: McCullough Research Clients  
From: Robert McCullough  
Ramon Cabauatan  
Subject: Market cost of the Columbia Generating Station

McCullough Research first reported on the Pacific Northwest's sole commercial nuclear power plant, the Columbia Generating Station (CGS), in December of 2013. At the time of that report, CGS had operating costs that totaled roughly twice the wholesale price of Mid-Columbia electricity.<sup>1</sup> To date, the plant's operating costs continue to exceed Mid-C prices, and over the last three years has produced about \$787 million of electricity at a cost of over \$1.2 billion.

The electricity's value is calculated by multiplying the actual output of the facility by the price of electricity in the Mid-Columbia region.<sup>2,3</sup> Past and projected operational costs of the plant are publicly reported in two of Energy Northwest's financial documents, its Annual Report and its Long Range Plan.<sup>4,5,6</sup> The following table presents a comparison of CGS's cost with the value of its electricity production for the last three years:<sup>7</sup>

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<sup>1</sup> McCullough Research. "Economic Analysis of the Columbia Generating Station." December 2013. Pp. 11. Available at: <http://www.mresearch.com/pdfs/541.pdf>

<sup>2</sup> CGS generation data has been received from Energy Northwest, the entity responsible for its day-to-day operations, through regular public records requests.

<sup>3</sup> Mid-C prices taken from historical issues of "Megawatt Daily," Platts: McGraw Hill Financial. 2013-2015.

<sup>4</sup> <http://www.energy-northwest.com/whoweare/finance/Documents/Energy%20Northwest%202013%20Annual%20Report.pdf>

<sup>5</sup> <http://www.energy-northwest.com/whoweare/finance/Documents/2014%20Energy%20Northwest%20Annual%20Report.pdf>

<sup>6</sup> <http://www.energy-northwest.com/whoweare/finance/Documents/2015%20Annual%20Budget/Final%202015%20CGS%20Long%20Range%20Plan.pdf>

<sup>7</sup> Energy Northwest's fiscal year runs from July 1 through June 30.

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Energy NW FY 2013	Value of Generation (EN hourly data)
Q1 (July-September 2012)	\$49,782,059.32
Q2 (October-December 2012)	\$68,162,867.26
Q3 (January-March 2013)	\$70,331,458.48
Q4 (April-June 2013)	\$30,709,846.08
<b>Total</b>	<b>\$218,986,231.14</b>
Energy NW FY 2014	Value of Generation (EN hourly data)
Q1 (July-September 2013)	\$81,581,982.52
Q2 (October-December 2013)	\$96,533,035.60
Q3 (January-March 2014)	\$96,646,520.17
Q4 (April-June 2014)	\$57,781,000.34
<b>Total</b>	<b>\$332,542,538.63</b>
Energy NW FY 2015	Value of Generation (EN hourly data)
Q1 (July-September 2014)	\$80,142,743.35
Q2 (October-December 2014)	\$75,892,286.03
Q3 (January-March 2015)	\$44,706,337.97
Q4 (April-June 2015)	\$34,897,098.78
<b>Total</b>	<b>\$235,638,466.13</b>
Energy NW	Total Operating Costs
FY 2013 Annual report	\$418,939,000.00
FY 2014 Annual Report	\$363,204,000.00
FY 2015 Budget	\$430,205,000.00
<b>Total 3-year Value</b>	<b>\$787,167,235.90</b>
<b>Total 3-year Costs</b>	<b>\$1,212,348,000.00</b>