

-----Original Message-----

From: Kevin Clark [<mailto:kevin.clark@Seattle.Gov>]
Sent: Wednesday, December 21, 2005 11:08 AM
To: Andrews,Claudia R - KFW; Kevin Clark
Cc: Clarke Jr,Stuart H - PSW
Subject: Re: EN Debt post-2018

>>> Kevin Clark 12/09/05 8:16 AM >>>

Seattle City Light supports BPA pursuing the idea with Energy Northwest of extending the debt on CGS beyond 2018 up to the end of the current license in 2024. BPA would pay off earlier a comparable amount of higher interest federal power debt during each year EN debt is extended, just like in the Debt Optimization Program. According to BPA's analysis, this could save ratepayers \$64 million, including \$33 million in the upcoming 2007-09 rate period. It would shift some principal from the peak period (now through 2018) to the post-2018 "trough" when combined federal and third party principal payments are projected to drop by about \$300 million per year (and total debt service by about \$200 million per year). This will help smooth out rates during that decade.

We understand the desire to finish paying the nuclear debt as soon as possible, but this idea will manage the combined debt in the best way for public agency consumers. Thank you for analyzing and following up on this suggestion.