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April 27th, 2015 4:21 pm | by [NIGEL JAQUISS](#) News | Posted In: Business, Environment

Portland Economist Says Region's Last Nuke Losing \$250 Million on Fuel Deal

Utility disagrees with calculation.

Tags: [Energy Northwest](#), [Robert McCullough](#)



Columbia Generating Station - Energy Northwest

Portland economist **Robert McCullough** has been unsparing in his analysis of the financial underpinnings of the region's only operating nuclear generating plant, the Columbia Generating Station in Richland, Wash.

A new report McCullough released earlier this month says the plant's operator, **Energy Northwest**, are losing \$250 million on a massive 2012 purchase of fuel from the **U.S. Enrichment Corporation** of Paducah, Ky. Since the \$700 million, 15-year deal was done, the price of the uranium-based fuel has plummeted, meaning the generating plant locked in a long-term supply at well-above market prices.

McCullough says the deal will saddle customers across the **Bonneville Power Administration** system, of which Columbia Generating Station is part, with higher costs.

“Reviewing the memos surrounding this convoluted uranium deal, it is clear that the sole purpose of it was to keep an old, dirty uranium enrichment plant running for another year,” McCullough said in statement. “According to our analysis, this deal is projected to cost Northwest ratepayers, through their Bonneville rates, around \$250 million on a \$700 million deal.”

In a December 2013 story, *WW* [examined the work McCullough completed for the Washington and Oregon Physicians for Social Responsibility](#), which favors shutting the plant for health and safety reasons.

McCullough, a former **Portland General Electric** executive who consults for utilities and other clients all over North America, examined the economics of the plant, rather than safety issues.

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He found that the aging nuke plant is less cost-effective than other forms of generation. He was particularly critical of the long-term fuel purchase the utility made, based in part on what he found were unrealistic assumptions about financing costs.

An Energy Northwest spokesman says the utility disagrees with McCullough's new analysis.

"His conclusions are incorrect, mischaracterize the nature of EN's 2012 fuel purchase, and reflect a gross misunderstanding of a complex, multi-party agreement. According to BPA, the fuel agreement is now showing a more-than-\$40 million savings to the fiscal 2014 - 2015 rate case, and will save customers tens of millions more through 2028," Energy Northwest spokesman **Mike Paoli** said in a statement.

The utility's explanation for the deal is [here](#). But the transaction has caught the eye of others.

Politico [reported earlier this month](#) that the congressional investigators from the House Oversight Committee are probing the role of a former Department of Energy official in that transaction. Former Deputy Energy Secretary **Dan Poneman** became CEO of Centrus Energy after helping arrange federal support for the company as a government official.

The reporter and author **David Cay Johnston** this week used another lens to evaluate the controversial fuel purchase. [Writing in the *National Memo*](#), Johnston evaluated the role of U.S. Sen. **Rand Paul** (R-Ky.), whose state is home to the struggling company that sold the uranium to Energy Northwest.

Johnston tested the transaction against the libertarian ideals on which Paul is basing his presidential candidacy and found a disconnect with his support for the fuel deal.

"Paul described the deal as a bargain that would save money all around," Johnston writes. "Paul's deal worked like a hidden tax on people and businesses in the Pacific Northwest."



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