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Public records request no longer budget buster for Energy Northwest

Annette Cary, Tri-City Herald April 26, 2014

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A long robotic arm reaches down through 70 feet of water to move a spent nuclear fuel bundle inside the open core of Energy Northwest's reactor north of Richland. The reactor is in the early stages of a 34-day shutdown for refueling and maintenance.

RICHARD DICKIN

Collaboration between Energy Northwest and McCullough Research has narrowed the Portland company's potentially budget-busting public records request.

Energy Northwest originally estimated the cost of processing the records request at \$1.5 million to \$3 million.

But McCullough Research, an energy consulting firm, has agreed to narrow its request to electronically identify the most pertinent documents, dropping the cost to an estimated \$100,000 to \$200,000, by Energy Northwest's estimation.

The cost will be passed on through the Bonneville Power Administration to ratepayers who use electricity produce at the Columbia Generating Station, Energy Northwest's nuclear power plant near Richland.

The records are related to an unusual deal to acquire uranium fuel for the nuclear plant.

Energy Northwest agreed to take possession of depleted uranium stored by the Department of Energy.

The deal included paying U.S. Enrichment Corp. about \$700 million to enrich the uranium at a 60-year-old Paducah, Ky., plant, allowing the plant to continue operating longer. Then Energy Northwest offset costs of the purchase by selling some of the fuel to the Tennessee Valley Authority.

McCullough Research officials said they were not aware of estimated cost for processing the records until contacted by the Herald after a March meeting of the Energy Northwest Executive Board.

An initial electronics records search showed as many as 155,000 documents, including drafts and emails, that touched on the Paducah deal.

But McCullough Research agreed this month that only documents in the first five months of 2012 were needed, and only those that involved eight key people. The search also was narrowed to documents that included key words such as "Paducah" and "uranium tails."

Now an estimated 10,000 to 15,000 records may be covered by the request.

The uranium deal required negotiations among agencies and businesses that included the Department of Energy, the Bonneville Power Administration, Energy Northwest, U.S. Enrichment Corp., the Tennessee Valley Authority and consultants, leading to many emails and documents.

Some money will have to be reallocated to pay for the records request, said Energy Northwest spokesman Mike Paoli. But measures, such as a temporary hiring freeze, that were being considered to save at least \$1 million, now are no longer needed, he said.

Energy Northwest is considering using an outside company that has the tools to reduce duplicated documents, such as supplying one record that covers an entire email discussion thread, which could speed up Energy Northwest's response.

Energy Northwest plans to review each document before it is released for information that is proprietary to any of the companies involved in the deal after consulting with those companies.

It also will check for private information, such as employee Social Security numbers.

The interest of Robert McCullough of McCullough Research came as his company initially did some consulting work about the cost of energy production at the Energy Northwest plant for the anti-nuclear group Physicians for Social Responsibility. That contract has expired, but he still has questions he wants to pursue.

Energy Northwest says the uranium deal was good for Northwest utility customers.

It says it bought fuel valued at \$236 million at a net cost of less than \$65 million after accounting for the fuel sold to the Tennessee Valley Authority.

It also says the deal should protect utility customers from increases in fuel prices through 2028.

Nuclear fuel plants typically lock in fuel purchases well in advance of need, and Energy Northwest has fuel under contract to produce power until 2021, when it will start using the Paducah fuel.

Energy Northwest's calculations are based on uranium prices that have dropped since the deal. But it anticipates that long-term prices will increase.

However, McCullough is questioning whether Energy Northwest used an unusually low discount rate, one lower than inflation, to value its payments from the Tennessee Valley Authority.

"They are speculating in commodities and it has not turned out to be a good deal," he said. Energy Northwest paid more than the current market price for the uranium on the day of the deal and the price as since fallen, he said.

McCullough's interest in the records request includes whether Sen. Rand Paul of Kentucky comes up in emails

about the deal.

A Newsweek article in January questioned whether DOE favored the deal to appease Paul, who had placed holds on DOE nominees, and to retain jobs in his state.

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