



October 14, 2009

Mr. Larry Kenney
Chair
Ad Hoc Search Committee
Executive Board of Energy Northwest
P.O. Box 968
Richland, WA 99352-0968

Dear Mr. Kenney:

Thank you for the opportunity to comment on the qualifications and attributes needed in a new CEO of Energy Northwest. Also, I wanted to take this opportunity to thank Energy Northwest (ENW) for the prompt letter from Chairman Morrison last week regarding a discussion on this topic at the Public Power Council Executive Committee meeting. I appreciated the statements in that letter regarding shared concern over recent operational challenges, and the commitment to transparency in the budget process and to continued engagement with PPC. We look forward to following up with you and ENW staff on several of those matters.

The selection of a new CEO for Energy Northwest is one of the most critical decisions currently facing the region's electrical system. The Columbia Generating Station is a key asset for all consumer-owned utilities in the Northwest. And, as one of our board members noted, the performance of the Columbia Generating Station (CGS) is the single most important operational contingency existing in the Northwest electrical system.

To better answer your call for thoughts on the qualifications needed in a new energy Northwest CEO and the critical issues a new CEO will face, PPC staff solicited input from our membership via both email and during live discussions on the subject at meetings of our Executive Committee. A couple of distinct themes came out of our discussions. One centers on the elements of a strong leader. The other theme centers on the focus of the organization.

With respect to **qualifications**, the new CEO should: (1) be a strong leader with vision; (2) have excellent experience in nuclear plant operations; (3) have an extensive management background that includes proven ability to implement a strategic plan; (4) possess a force of personality and credibility that would enable the establishment of a culture of performance and change when needed; and, (5) regardless of whether or not

the new CEO position is combined with that of the CNO (chief nuclear officer), the new CEO needs to be knowledgeable enough technically that the CEO's desk clearly is where "the buck stops" with respect to performance of CGS.

In this light, the dominant theme in our member responses regarding **critical issues** was widespread agreement that the new CEO needs to focus Energy Northwest first and foremost on improving the performance of Columbia Generating Station. As you know, our members have had serious concerns about current plant performance and the cost increases at CGS that impact their power rates. Several members made comments to the effect that the safe, economic operation of CGS was Job #1, and that other aspects of Energy Northwest's operations were distinctly secondary.

Similarly, several members questioned the ability or need to offer an array of products and services beyond the core competency needed to run CGS. While there is recognition that Energy Northwest has a function as a Joint Operating Agency, and that it plays a unique role especially with respect to nuclear power potential in the region, there is a concern that any distraction or diminution in focus on CGS by the new CEO will hamper progress on plant performance.

Finally, I would like to note that PPC is committed to providing a forum in which Energy Northwest leadership can help keep the full breath of consumer-owned utility customers of BPA informed and engaged. Along these lines, the new CEO will need to be committed as well to collaboration with BPA's customers and with BPA itself in addressing these difficult issues. Friction in recent years between BPA and ENW was viewed as a significant problem, not just from an administrative standpoint, but one that impacts plant performance. It has been our intent to foster a stronger and better relationship between Energy Northwest and BPA, its customers, its regulators, and the region generally. A commitment by the new CEO to collaboration and to continued improvement in the transparency of Energy Northwest operations will serve the ratepayers and the entire region very well.

Thank you again for your letters, for your commitment to involving PPC, and for this opportunity to provide our thoughts.

Sincerely,

A handwritten signature in black ink that reads "Scott Corwin". The signature is written in a cursive style with a large, sweeping initial "S".

Scott Corwin
Executive Director

Cc: Chairman Sid Morrison