

December 8, 2004
GO2-04-207

P.O. Box 968 • Richland, WA • 99352-0968

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555

Subject: **COLUMBIA GENERATING STATION, DOCKET NO. 50-397
GUARANTEE OF PAYMENT OF DEFERRED PREMIUM**

Reference: Letter dated December 19, 1984, GC Sorensen (Supply System) to A
Schwencer (NRC), same subject

Dear Sir or Madam:

This letter is provided in compliance with 10 CFR 140.21, which requires annual filing of a guarantee of payment of deferred premiums in the amount of \$10 million for each licensed reactor.

Energy Northwest obtains revenue from Columbia Generating Station by selling the capability of the plant. The Bonneville Power Administration (BPA), an agency of the Department of Energy, has purchased the entire capability of Columbia Generating Station from certain of its statutory preference customers who in turn purchased such capability from Energy Northwest, all under the Net Billing Agreements. A copy of the Net Billing Agreements was included as an attachment to the referenced letter. Under the terms of the Net Billing Agreements, BPA is obligated to pay the total annual costs of Columbia Generating Station to Energy Northwest.

It is the opinion of BPA's general counsel that "Bonneville is obligated to pay costs of ownership, operation and maintenance, including costs of insurance and specifically the insurance obligation provided through the Price Anderson Act."

The opinion of BPA regarding their obligation to pay satisfies the requirements of 10 CFR 140.21(f). If you have any questions, please contact Mr. RA Bresnahan at (509) 372-5730.

Respectfully,


DK Atkinson (Mail Drop PE06)
Vice President, Technical Services

cc: BS Mallett - NRC RIV
BJ Benney - NRC NRR
NRC Sr. Resident Inspector - 988C

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