



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

December 20, 2005

In reply refer to: KFW-2

Dear BPA Customers and Interested Parties:

I want to follow-up on Bonneville Power Administration's (BPA's) debt management workshop regarding the option to extend a portion of Energy Northwest (EN) Columbia Generating Station (CGS) debt into the 2019 -2024 time frame. As you know, the workshop was held last month to discuss the analytical details of the transaction and also to answer questions related to the potential refinancing.

Approximately 15 parties either attended the workshop or were on the phone. The public comment period officially ended December 9th, although we accepted comments for several days after the closing date. All of the comments have been reviewed and will be forwarded to the EN Board for their consideration. BPA executives will also be informed of the parties' comments.

In general, the comments were limited and mixed. Three comments supported the debt extension and one comment was against the idea. The feedback at the November 28th public workshop was also both favorable and opposed. In addition, the EN Participants' Review Board is currently opposed to the extension of the \$350 million of existing CGS debt, although they are supportive of financing new capital investments through 2024, and they already officially expressed these views in writing to the EN Board.

At this point in the process the window for public input and discussion is now officially closed. The EN Executive Board is expected to vote on the proposed extension refinancing at their January 26th meeting.

We appreciate your interest in the debt management activities proposed by BPA and EN. It is our intention to continually keep you informed as to the most optimal debt strategies which we consider beneficial to all ratepayers of the Pacific Northwest, as well as the financial health of BPA.

We look forward to further discussions with you on new initiatives in the debt management arena.

Sincerely,

/s/ David J. Armstrong

David J. Armstrong
Chief Financial Officer
Bonneville Power Administration