

NEW ISSUE — BOOK-ENTRY ONLY

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2008-D Bonds is excluded from gross income for federal income tax purposes under Title XIII of the Tax Reform Act of 1986, as amended (the "1986 Act") and Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"). In the further opinion of Special Tax Counsel, interest on the Series 2008-D Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Tax Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. See "TAX MATTERS" herein.

Series 2008-E (Taxable) Bonds: In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel, interest on the Series 2008-E (Taxable) Bonds is not excluded from gross income for federal income tax purposes pursuant to Title XIII of the 1986 Act, Section 103 of the 1954 Code or Section 103 of the Internal Revenue Code of 1986, as amended (the "1986 Code"). See "TAX MATTERS" herein.

**\$271,930,000
ENERGY NORTHWEST**

\$72,000,000 Project 1 Electric Revenue Refunding Bonds, Series 2008-D
\$127,510,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-D
\$64,295,000 Project 3 Electric Revenue Refunding Bonds, Series 2008-D
\$2,095,000 Project 1 Electric Revenue Refunding Bonds, Series 2008-E (Taxable)
\$3,545,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-E (Taxable)
\$2,485,000 Project 3 Electric Revenue Refunding Bonds, Series 2008-E (Taxable)

Dated: Date of delivery

Due: July 1, as shown on the inside cover pages

The Series 2008-D Bonds and the Series 2008-E (Taxable) Bonds (collectively, the "2008-D/E Bonds") are being issued for the purpose of refunding certain Prior Lien Bonds heretofore issued by Energy Northwest in connection with Project 1, Columbia and Project 3, as more fully described herein. See "PURPOSE OF ISSUANCE" herein.

This Official Statement incorporates by reference portions of the Official Statement dated March 27, 2008 (the "2008-A/B/C Official Statement"), for the Energy Northwest Project 1 Electric Revenue Refunding Bonds, Series 2008-A, Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-A, Project 3 Electric Revenue Refunding Bonds, Series 2008-A, Project 1 Electric Revenue Refunding Bonds, Series 2008-B (Taxable), Columbia Generating Station Electric Revenue and Refunding Bonds, Series 2008-B (Taxable), Project 3 Electric Revenue Refunding Bonds, Series 2008-B (Taxable), and Columbia Generating Station Electric Revenue Bonds, Series 2008-C. See "INTRODUCTION - INCLUSION BY REFERENCE" herein.

The 2008-D/E Bonds will be issued in fully registered form, registered in the name of Cede & Co., as Registered Owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2008-D/E Bonds. Individual purchases will be made in book-entry form, in denominations of \$5,000 and integral multiples thereof. So long as Cede & Co. is the Registered Owner of the 2008-D/E Bonds and nominee of DTC, references herein to holders or Registered Owners shall mean Cede & Co. and shall not mean the beneficial owners of the 2008-D/E Bonds. Principal of the 2008-D/E Bonds is payable at the designated office of The Bank of New York Trust Company, N.A., Seattle, Washington, as Trustee for the 2008-D/E Bonds. Interest on the 2008-D/E Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2009, for the 2008-D/E Bonds, by check or draft of the Trustee. As long as Cede & Co. is the Registered Owner as nominee of DTC, payments on the 2008-D/E Bonds will be made to such Registered Owner, and disbursement of such payments will be the responsibility of DTC and DTC Participants as described herein. See "DESCRIPTION OF THE 2008 BONDS - GENERAL - Book-Entry System; Transferability and Registration" in the 2008-A/B/C Official Statement and Exhibit D - "BOOK-ENTRY SYSTEM."

The 2008-D/E Bonds are not subject to redemption prior to maturity.

The 2008-D/E Bonds are special revenue obligations of Energy Northwest, payable solely from the sources described herein, including amounts derived pursuant to Net Billing Agreements with the United States of America, Department of Energy, acting by and through the Administrator of the

Bonneville Power Administration

("Bonneville") from net billing credits and from cash payments from the Bonneville Fund, as described herein. Bonneville's obligations under the Net Billing Agreements are not general obligations of the United States of America and are not secured by the full faith and credit of the United States of America. The 2008-D/E Bonds are payable as provided herein on a subordinated basis to the Prior Lien Bonds and do not constitute an obligation of the State of Washington or of any political subdivision thereof, other than Energy Northwest. Energy Northwest has no taxing power. Projects 1 and 3 and Columbia are separate projects of Energy Northwest, and each Series of 2008-D/E Bonds is payable solely from the revenues of the Project related to such Series. See "SECURITY FOR THE NET BILLED BONDS" and Appendix A - "THE BONNEVILLE POWER ADMINISTRATION" in the 2008-A/B/C Official Statement.

MATURITY SCHEDULE — See Inside Cover Pages

The 2008-D/E Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by K&L Preston Gates Ellis LLP, Seattle, Washington, Bond Counsel to Energy Northwest, and to certain other conditions. Certain tax matters will be passed upon by Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to Bonneville. Certain legal matters will be passed upon for Energy Northwest by its General Counsel and for Bonneville by its General Counsel and by its Special Counsel, Orrick, Herrington & Sutcliffe LLP. Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski L.L.P., New York, New York, Counsel to the Underwriters. It is expected that the 2008-D/E Bonds will be available for delivery through the facilities of DTC on or about May 28, 2008.

Goldman, Sachs & Co.
JPMorgan

Citi
Prager, Sealy & Co., LLC

May 16, 2008

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

THE SERIES 2008-D BONDS

\$72,000,000 Project 1 Electric Revenue Refunding Bonds

Year (July 1)	Amount	Interest Rate	Yield	CUSIP*
2009	\$ 1,875,000	5.00%	2.23%	29270CSE6
2010	8,040,000	5.00	2.67	29270CSF3
2011	8,575,000	5.00	2.97	29270CSG1
2012	15,410,000	5.00	3.20	29270CSH9
2013	16,115,000	5.00	3.33	29270CSJ5
2014	6,120,000	5.00	3.46	29270CSK2
2015	4,510,000	5.00	3.56	29270CSL0
2016	4,775,000	5.00	3.66	29270CSM8
2017	6,580,000	5.00	3.76	29270CSN6

\$127,510,000 Columbia Generating Station Electric Revenue Refunding Bonds

Year (July 1)	Amount	Interest Rate	Yield	CUSIP*
2010	\$ 25,845,000	5.00%	2.67%	29270CSP1
2011	26,715,000	5.00	2.97	29270CSQ9
2012	74,950,000	5.00	3.20	29270CSR7

\$64,295,000 Project 3 Electric Revenue Refunding Bonds

Year (July 1)	Amount	Interest Rate	Yield	CUSIP*
2009	\$ 2,025,000	5.00%	2.23%	29270CSS5
2010	11,655,000	5.00	2.67	29270CST3
2011	12,245,000	5.00	2.97	29270CSU0
2012	4,775,000	5.00	3.20	29270CSV8
2013	5,060,000	5.00	3.33	29270CSW6
2014	7,925,000	5.00	3.46	29270CSX4
2015	5,870,000	5.00	3.56	29270CSY2
2016	6,215,000	5.00	3.66	29270CSZ9
2017	8,525,000	5.00	3.76	29270CTA3

* CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the 2008-D/E Bonds and Energy Northwest makes no representation with respect to such numbers and undertakes no responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2008-D/E Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2008-D/E Bonds.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

THE SERIES 2008-E (TAXABLE) BONDS

\$2,095,000 Project 1 Electric Revenue Refunding Bonds

Year (July 1)	Amount	Interest Rate	Price	CUSIP*
2009	\$ 2,095,000	4.15%	100%	29270CTB1

\$3,545,000 Columbia Generating Station Electric Revenue Refunding Bonds

Year (July 1)	Amount	Interest Rate	Price	CUSIP*
2009	\$ 3,545,000	4.15%	100%	29270CTC9

\$2,485,000 Project 3 Electric Revenue Refunding Bonds

Year (July 1)	Amount	Interest Rate	Price	CUSIP*
2009	\$ 2,485,000	4.15%	100%	29270CTD7

* CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the 2008-D/E Bonds and Energy Northwest makes no representation with respect to such numbers and undertakes no responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2008-D/E Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2008-D/E Bonds.

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Tom Casey, Vice Chairman
David Remington, Secretary
Kathleen Vaughn, Assistant Secretary
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Jack Janda
Lawrence Kenney
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Administrative Staff

Chief Executive Officer
Vice President, Nuclear Generation/Chief Nuclear Officer
Vice President, Technical Services
Vice President, Energy/Business Services/Public Information Officer
Vice President, Corporate Services/General Counsel/Chief Financial Officer
Vice President, Organizational Performance and Staffing/Chief Knowledge Officer

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Financial Advisor
Public Financial Management, Inc.

Bond Counsel
K&L Preston Gates Ellis LLP

*Trustee for the
2008-D/E Bonds*
The Bank of New York Trust
Company, N.A.

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Executive Vice President and General Counsel
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David J. Armstrong

Special Counsel and Special Tax Counsel
Orrick, Herrington & Sutcliffe LLP

No dealer, broker, salesman or other person has been authorized by Energy Northwest or by the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by Energy Northwest or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy by, nor shall there be any sale of the 2008-D/E Bonds to, any person in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The information set forth herein has been furnished by Energy Northwest and Bonneville and includes information obtained from other sources which are believed to be reliable; however the information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Energy Northwest or Bonneville since the date hereof.

None of the information herein was provided by the Participants or the Trustee and none of such entities participated in the preparation of this Official Statement. This Official Statement has not been submitted to such entities for review, comment or approval.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting Energy Northwest’s or Bonneville’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. Energy Northwest and Bonneville do not plan to issue any updates or revisions to the forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement: “The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.”

IN CONNECTION WITH THE OFFERING OF THE 2008-D/E BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2008-D/E BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$271,930,000

ENERGY NORTHWEST

\$72,000,000 Project 1 Electric Revenue Refunding Bonds, Series 2008-D

\$127,510,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-D

\$64,295,000 Project 3 Electric Revenue Refunding Bonds, Series 2008-D

\$2,095,000 Project 1 Electric Revenue Refunding Bonds, Series 2008-E (Taxable)

\$3,545,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-E (Taxable)

\$2,485,000 Project 3 Electric Revenue Refunding Bonds, Series 2008-E (Taxable)

INTRODUCTION

Energy Northwest furnishes this Official Statement, which includes the cover page and inside cover pages hereof and the appendices hereto, in connection with the sale of the 2008-D/E Bonds (hereinafter defined). This Introduction is not intended to provide all information material to a prospective purchaser of the 2008-D/E Bonds and is qualified in all respects by the more detailed information set forth elsewhere in this Official Statement. Unless otherwise specifically defined, certain capitalized terms used in this Introduction have the meanings given to such terms elsewhere in this Official Statement.

Energy Northwest, a municipal corporation and a joint operating agency of the State of Washington, proposes to issue \$72,000,000 Project 1 Electric Revenue Refunding Bonds, Series 2008-D (the "Project 1 2008-D Bonds"), \$127,510,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-D (the "Columbia 2008-D Bonds"), \$64,295,000 Project 3 Electric Revenue Refunding Bonds, Series 2008-D (the "Project 3 2008-D Bonds," and together with the Project 1 2008-D Bonds and the Columbia 2008-D Bonds, the "Series 2008-D Bonds"), \$2,095,000 Project 1 Electric Revenue Refunding Bonds, Series 2008-E (Taxable) (the "Project 1 2008-E (Taxable) Bonds"), \$3,545,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-E (Taxable) (the "Columbia 2008-E (Taxable) Bonds"), \$2,485,000 Project 3 Electric Revenue Refunding Bonds, Series 2008-E (Taxable) (the "Project 3 2008-E (Taxable) Bonds," and together with the Project 1 2008-E (Taxable) Bonds and the Columbia 2008-E (Taxable) Bonds, the "Series 2008-E (Taxable) Bonds"). The Series 2008-D Bonds and the Series 2008-E (Taxable) Bonds are collectively referred to herein as the "2008-D/E Bonds." See "INCLUSION BY REFERENCE" below.

The Project 1 2008-D Bonds are being issued pursuant to Chapters 39.46, 39.53 and 43.52 of the Revised Code of Washington, as amended (the "Act") and Resolution No. 835, adopted on November 23, 1993 (as amended and supplemented, the "Project 1 Electric Revenue Bond Resolution") for the purpose of refunding certain indebtedness of Energy Northwest currently outstanding under Resolution No. 769, adopted September 18, 1975 (as amended and supplemented the "Project 1 Prior Lien Resolution"). The Project 1 2008-E (Taxable) Bonds (together with the Project 1 2008-D Bonds, the "Project 1 2008-D/E Bonds") are being issued pursuant to the Act and the Project 1 Electric Revenue Bond Resolution to pay certain costs of issuance and other refunding costs relating to the Project 1 2008-D/E Bonds. Bonds issued pursuant to the Project 1 Prior Lien Resolution are referred to herein as the "Project 1 Prior Lien Bonds," and bonds issued pursuant to the Project 1 Electric Revenue Bond Resolution are referred to herein as the "Project 1 Electric Revenue Bonds."

The Columbia 2008-D Bonds are being issued pursuant to the Act and Resolution No. 1042, adopted on October 23, 1997 (as amended and supplemented, the "Columbia Electric Revenue Bond Resolution") for the purpose of refunding certain indebtedness of Energy Northwest currently outstanding under Resolution No. 640, adopted June 26, 1973 (as amended and supplemented, the "Columbia Prior Lien Resolution"). The Columbia 2008-E (Taxable) Bonds (together with the Columbia 2008-D Bonds, the "Columbia 2008-D/E Bonds") are being issued pursuant to the Act and the Columbia Electric Revenue Bond Resolution to pay certain costs of issuance and other refunding costs relating to the Columbia 2008-D/E Bonds. Bonds issued pursuant to the Columbia Prior Lien Resolution are referred to herein as the "Columbia Prior Lien Bonds," and bonds issued pursuant to the Columbia Electric Revenue Bond Resolution are referred to herein as the "Columbia Electric Revenue Bonds."

The Project 3 2008-D Bonds are being issued pursuant to the Act and Resolution No. 838 adopted on November 23, 1993 (as amended and supplemented, the "Project 3 Electric Revenue Bond Resolution," and together with the Project 1 Electric Revenue Bond Resolution and the Columbia Electric Revenue Bond Resolution, the "Electric Revenue Bond Resolutions"), for the purpose of refunding certain indebtedness of Energy Northwest currently outstanding under Resolution No. 775, adopted on December 3, 1975 (as amended and supplemented, the "Project 3 Prior Lien Resolution," and together with the Project 1 Prior Lien Resolution and the Columbia Prior Lien Resolution, the "Prior Lien Resolutions"). The Project 3 2008-E (Taxable) Bonds (together with the Project 3 2008-D Bonds, the "Project 3 2008-D/E Bonds") are being issued pursuant to the Act and the Project 3 Electric Revenue Bond Resolution to pay certain costs of issuance and other refunding costs relating to the Project 3

2008-D/E Bonds. Bonds issued pursuant to the Project 3 Prior Lien Resolution are referred to herein as the “Project 3 Prior Lien Bonds,” and together with the Project 1 Prior Lien Bonds and the Columbia Prior Lien Bonds are collectively referred to herein as the “Prior Lien Bonds.” Bonds issued pursuant to the Project 3 Electric Revenue Bond Resolution are referred to herein as the “Project 3 Electric Revenue Bonds,” and together with the Project 1 Electric Revenue Bonds and the Columbia Electric Revenue Bonds are collectively referred to herein as the “Electric Revenue Bonds.”

The Prior Lien Bonds, the Electric Revenue Bonds, including the 2008-D/E Bonds, and any bonds or notes issued pursuant to the hereinafter defined Separate Subordinated Resolutions are collectively referred to herein as the “Net Billed Bonds.”

For additional information relating to the indebtedness to be refunded and other purposes of issuance, see “PURPOSE OF ISSUANCE” in this Official Statement.

INCLUSION BY REFERENCE

Subject to information contained elsewhere herein, information under the following captions in the Official Statement dated March 27, 2008 (the “2008-A/B/C Official Statement”), for the Energy Northwest Project 1 Electric Revenue Refunding Bonds, Series 2008-A, Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-A, Project 3 Electric Revenue Refunding Bonds, Series 2008-A, Project 1 Electric Revenue Refunding Bonds, Series 2008-B (Taxable), Columbia Generating Station Electric Revenue and Refunding Bonds, Series 2008-B (Taxable), Project 3 Electric Revenue Refunding Bonds, Series 2008-B (Taxable), and Columbia Generating Station Electric Revenue Bonds, Series 2008-C, is incorporated herein by reference:

INTRODUCTION—NET BILLING AGREEMENTS

DESCRIPTION OF THE 2008 BONDS—GENERAL

SECURITY FOR THE NET BILLED BONDS

ENERGY NORTHWEST

INITIATIVE AND REFERENDUM

APPENDIX A—THE BONNEVILLE POWER ADMINISTRATION

APPENDIX B-1—FEDERAL SYSTEM AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

APPENDIX B-2—FEDERAL SYSTEM UNAUDITED REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2007

APPENDIX C—AUDITED FINANCIAL STATEMENTS OF ENERGY NORTHWEST PROJECTS FOR THE YEAR ENDED JUNE 30, 2007

APPENDIX D-2—PROPOSED FORM OF SUPPLEMENTAL OPINIONS OF BOND COUNSEL

APPENDIX F—ENERGY NORTHWEST PARTICIPANT UTILITY SHARE FISCAL YEAR 2008 BUDGETS

APPENDIX G— SUMMARY OF CERTAIN PROVISIONS OF RELATED CONTRACTS

APPENDIX H-1— SUMMARY OF CERTAIN PROVISIONS OF ELECTRIC REVENUE BOND RESOLUTIONS AND SUPPLEMENTAL ELECTRIC REVENUE BOND RESOLUTIONS

APPENDIX H-2—SUMMARY OF CERTAIN PROVISIONS OF PRIOR LIEN RESOLUTIONS

APPENDIX J—SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENTS

Any reference to the “2008 Bonds” in the information from the 2008-A/B/C Official Statement incorporated herein by reference shall be read to include the 2008-D/E Bonds defined herein unless the context thereof clearly indicates that such information is only applicable to the 2008 Bonds as defined therein. The 2008-A/B/C Official Statement is currently on file with each of the nationally recognized securities information repositories within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, and the Municipal Securities Rulemaking Board. The 2008-A/B/C Official Statement is also available at the following web address:

<http://www.imagemaster.com/WAEnergyNorthwest1-OS.pdf>

ENERGY NORTHWEST

Energy Northwest was organized in 1957 as the Washington Public Power Supply System. By resolution of its Executive Board adopted on June 2, 1999, the Washington Public Power Supply System officially changed its name to Energy Northwest. On April 23, 2008, Energy Northwest added two new members: Clallam County and Whatcom County Public Utility

Districts. It now has 22 members, consisting of 19 public utility districts and the cities of Richland, Seattle and Tacoma, all located in the State of Washington. Energy Northwest has the authority, among other things, to acquire, construct and operate plants, works and facilities for the generation and transmission of electric power and energy and to issue bonds and other evidences of indebtedness to finance the same.

Energy Northwest owns and operates a nuclear electric generating station, the Columbia Generating Station (“Columbia Generating Station” or “Columbia”), with a net design electric rating of 1,157 megawatts. Energy Northwest also owns an operating hydroelectric facility, the Packwood Lake Hydroelectric Project (“Packwood”), with a net design electric rating of 27.5 megawatts. Energy Northwest also owns and operates the Nine Canyon Wind Project, which currently consists of 63 turbines with a maximum generating capacity of approximately 96 megawatts. Energy Northwest also owns and has financial responsibility for four other nuclear electric generating projects that have been terminated: Energy Northwest Nuclear Project No. 1 (“Project 1”), Energy Northwest Nuclear Project No. 3 (“Project 3”) and Energy Northwest Nuclear Projects Nos. 4 and 5 (“Projects 4 and 5”). Projects 1 and 3 were terminated in 1994 and Projects 4 and 5 were terminated in 1982. For discussions concerning the termination of Projects Nos. 1, 3, 4 and 5, see “ENERGY NORTHWEST - PROJECT 1,” “- PROJECT 3,” and “- PROJECTS 4 and 5” in the 2008-A/B/C Official Statement. Projects 1 and 3 and Columbia are collectively referred to herein as the “Net Billed Projects.” Each of Projects 1 and 3 and Columbia is financed and accounted for as a separate utility system. Projects 4 and 5 were financed and accounted for as a single utility system separate and apart from all other Energy Northwest projects. All of Energy Northwest’s projects are located in the State of Washington. For additional information relating to Energy Northwest, see “ENERGY NORTHWEST” in the 2008-A/B/C Official Statement.

The United States of America, Department of Energy (“DOE”), acting by and through the Administrator of the Bonneville Power Administration (“Bonneville”), has acquired the capability of Projects 1 and 3 and Columbia. As more fully discussed under “SECURITY FOR THE NET BILLED BONDS - NET BILLING AND RELATED AGREEMENTS” in the 2008-A/B/C Official Statement, Bonneville pays Energy Northwest for such capability pursuant to Net Billing Agreements (as defined in the 2008-A/B/C Official Statement), with payments being made through a combination of credits against customer bills and cash payments from the Bonneville Fund (as defined in the 2008-A/B/C Official Statement). Bonneville’s obligations to make such payments under the Net Billing Agreements continue notwithstanding suspension or termination of any of Projects 1 or 3 or Columbia.

THE BONNEVILLE POWER ADMINISTRATION

The information under this heading has been derived from information provided to Energy Northwest by Bonneville. For detailed information with respect to Bonneville, see Appendix A - “THE BONNEVILLE POWER ADMINISTRATION” in the 2008-A/B/C Official Statement.

Bonneville was created by Federal law in 1937 to market electric power from the Bonneville Dam and to construct facilities necessary to transmit such power. Today, Bonneville markets electric power from 31 federally-owned hydroelectric projects, most of which are located in the Columbia River Basin and all of which were constructed and are operated by the United States Army Corps of Engineers (the “Corps”) or the United States Bureau of Reclamation (the “Bureau”), and from several non-federally-owned projects, including the Columbia Generating Station. Bonneville sells and/or exchanges power under contracts with over 100 utilities in the Pacific Northwest and Pacific Southwest and with several industrial customers. It also owns and operates a high voltage transmission system comprising approximately 75% of the bulk transmission capacity in the Pacific Northwest.

Bonneville’s primary customer service area is the Pacific Northwest region, an area comprised of Oregon, Washington, Idaho, western Montana and small portions of eastern Montana, California, Nevada, Utah and Wyoming (sometimes referred to herein as the “Pacific Northwest,” the “Northwest,” the “Region,” or “Regional”). Bonneville estimates that this 300,000 square mile service area has a population of approximately 12 million people. Electric power sold by Bonneville accounts for more than one-third of the electric power consumed within the Region. Bonneville also exports power that is surplus to the needs of the Region to the Pacific Southwest, primarily to California.

Bonneville is one of four regional Federal power marketing agencies within the DOE. Bonneville is required by law to meet certain energy requirements in the Region and is authorized to acquire power resources, to implement conservation measures and to take other actions to enable it to carry out its purposes. Bonneville is also required by law to operate and maintain its transmission system and to provide transmission service to eligible customers and to undertake certain other programs, such as fish and wildlife protection, mitigation and enhancement.

Updated Bonneville Information

Bonneville’s updated quarterly financial report for the six months ended March 31, 2008, is included as Exhibit C to this Official Statement. Such information is in lieu of Bonneville’s quarterly financial report for the three months ended December 31, 2007, included as Appendix B-2 to the 2008-A/B/C Official Statement.

The following information supplements or replaces certain information found in Appendix A to the 2008-A/B/C Official Statement under the specified captions:

On page A-9, at the end of the section entitled, “BONNEVILLE POWER ADMINISTRATION – DEVELOPMENTS RELATING TO BONNEVILLE’S POWER MARKETING APPROACH AND BONNEVILLE’S FINANCIAL CONDITION – Power Sales in the Period after Fiscal Year 2011,” insert the following information:

On May 2, 2008, Bonneville issued its initial proposed Tiered Rates Methodology. The rate case officially began on May 6, 2008, with publication in the Federal Register. The rate case is expected to conclude with a record of decision in September 2008.

On page A-10, “BONNEVILLE POWER ADMINISTRATION – DEVELOPMENTS RELATING TO BONNEVILLE’S POWER MARKETING APPROACH AND BONNEVILLE’S FINANCIAL CONDITION – Fiscal Year 2008 Developments,” delete this section in its entirety and insert the following information in lieu thereof:

Unaudited Quarterly Report for the Six Months Ended March 31, 2008

For the six months ended March 31, 2008, sales revenues from electricity and transmission were down \$58 million, or 4 percent, when compared to the comparable period a year earlier. Power Services sales declined \$67 million, or 5 percent. The decline is primarily the result of reduced secondary sales due to lower stream flows and associated Federal System generation. This decline was partially offset by higher market prices. Transmission Services sales increased \$9 million, or 3 percent. The change was primarily due to increased network and intertie transmission sales and associated ancillary services. Significant reasons for the increased revenues are the result of increased Point-to-Point long-term and short-term sales and a slight increase in transmission and related rates charged by Bonneville from Fiscal Year 2007.

The decline in the unrealized fair value of Bonneville’s derivative mark-to-market portfolio of \$77 million was primarily due to the impact of increasing forward price curves on Bonneville’s sales contracts. United States Treasury credits for fish under 4(h)(10)(C) of the Northwest Power Act increased \$11 million, or 28 percent as stream flows declined and market prices for purchased power increased.

In total, operating expenses increased \$68 million, or 5 percent, from the second quarter of Fiscal Year 2007. Operations and maintenance decreased \$54 million, or 7 percent for the six months ended March 31, 2008, from the comparable period a year earlier, as reported in the Combined Statements of Revenues and Expenses in Appendix C. The higher amount last year was primarily due to settlement of litigation over the Slice of the System power product and the bi-annual refueling of Energy Northwest’s Columbia Generating Station. Purchased power increased \$52 million, or 29 percent, due to a combination of higher prices and increased purchases as a consequence of lower stream flows and associated Federal System generation. Nonfederal projects debt service increased \$71 million, or 40 percent, due to increased amortization for Energy Northwest Nuclear Project No. 1 and Project No. 3 bonds. The lower amortization for the prior period was the result of extension of nonfederal debt and early repayment of bonds issued to the United States Treasury and appropriated investment repayment responsibilities.

As a result of the foregoing and other factors the Federal System earned net revenues of \$123 million for the first six months of Fiscal Year 2008. By comparison, net revenues were \$293 million for the comparable period in Fiscal Year 2007. Cash provided by operating activities of the Federal System decreased to \$425 million from \$521 million compared to the same periods. As described elsewhere in this Appendix A, Bonneville has suspended payments to Regional IOUs in connection with the Residential Exchange Program in the amount of \$28 million monthly. On a cumulative basis through March 31, 2008, this resulted in cash being about \$308 million greater than would have been the case had the payments been maintained.

Modified net revenues were \$46 million lower for the six months ended March 31, 2008, compared to the six months ended March 31, 2007, primarily due to the decline in net revenues previously discussed. For further information regarding Fiscal Year 2008 Second Quarter unaudited results, see Exhibit C entitled “FEDERAL SYSTEM UNAUDITED REPORT FOR THE SIX MONTHS ENDED MARCH 31, 2008.”

New Banking Relationship Between the United States Treasury and Bonneville.

Effective April 30, 2008, Bonneville entered into an Obligation Purchase Memorandum of Understanding (“Obligation Purchase MOU”) establishing a new banking arrangement governing the terms by which Bonneville borrows from the United States Treasury. Formerly, there was no overarching formal documentation of the terms under which the United States Treasury would lend funds to Bonneville; rather, the banking arrangement was more informal with borrowings made on the basis of administrative practice evolved over more than 30 years. The new banking arrangement provides a process and methodology for establishing interest rates, various types of credit facilities, the terms for several types of prepayment rights, the documentation requirements for requesting advances and rescinding advances requests, and a number of other administrative details.

Bonneville also executed six separate credit facilities governed by the Obligation Purchase MOU, under which credit facilities Bonneville may receive advances on Bonneville's \$4.45 billion overall revolving statutory line of credit with the United States Treasury.

The six credit facilities include a \$1.5 billion dollar fixed interest rate credit facility and a \$500 million variable interest rate credit facility, in each case under which Bonneville may obtain advances to fund capital facilities. The maturities of the advances may be as short as 91 days and long as the lesser of 30 years or the expected remaining useful life of the related capital facility. These two long-term credit facilities are not revolving lines of credit and are available to be drawn against until April 30, 2013.

Bonneville also established two separate \$250 million short-term capital credit facilities, effectively for construction period financing. One of the credit facilities provides for fixed interest rates and the other provides for variable interest rates. The two short-term capital credit facilities are not revolving lines of credit. Furthermore, the advances outstanding under both facilities in aggregate at any one time may not exceed \$250 million. The maturities of the advances may be as short as 91 days from the date the advance is made or until a date that is not later than September 30, 2010, whichever is earlier. The two short-term capital facilities are available to be drawn against until July 1, 2010.

Bonneville also established two separate \$300 million short-term operating expense credit facilities, effectively to meet short-term expense needs. One of the facilities provides for fixed interest rates and the other provides for variable interest rates. The two short-term operating expense credit facilities are revolving lines of credit. Furthermore, the aggregate advance outstanding under both credit facilities at any one time may not exceed \$300 million. The maturities of the advances may be as short as 91 days or as long as one year from the date the related advance is made, although the maturity may be extended by one additional year through the exercise by Bonneville of certain repurchase rights. The two short-term operating expense credit facilities are available to be drawn against until May 6, 2011.

The term of the Obligation Purchase MOU runs through September 30, 2008, and is subject to annual renewal thereafter. In the unlikely event that the Obligation Purchase MOU were not extended at year's end, all credit facilities thereunder would nonetheless remain in effect until their respective termination dates. Bonneville expects that, concurrently with the annual extensions of the Obligation Purchase MOU, it will also enter into additional credit facilities. Nothing in the new banking arrangement increases the statutory limit on the \$4.45 billion aggregate principal amount of debt that Bonneville may issue to the United States Treasury and have outstanding at any one time.

Bonneville believes that the new banking relationship with the United States Treasury improves on the prior, less formal arrangement, primarily because it gives Bonneville access to liquidity with very short notice, in some modes, on one day notice. The short-term capital credit facilities provide liquidity for short-term construction period financing for new Federal System facilities, but, more importantly, the operating expense credit facilities provide Bonneville with immediate access to up to \$300 million in short-term funds to meet operating expenses. Bonneville believes that this liquidity will improve Bonneville's ability to meet unexpected short-term cash flow needs.

Coincident with the entry into the Obligation Purchase MOU, Bonneville and the United States Treasury entered into an Investment Memorandum of Understanding ("Investment MOU") that governs investments in the Bonneville Fund beginning October 1, 2008. Currently, for cash balances in the Bonneville Fund, Bonneville earns a credit to interest payments due and payable on outstanding bonds that Bonneville has issued to the United State Treasury. The interest credit is earned daily on cash balances in the Bonneville Fund at the weighted average interest rate of all outstanding bonds issued by Bonneville to the United States Treasury and currently is about 5 percent on an annualized basis. Under the Investment MOU, Bonneville's ability to earn interest credits will phase-out gradually over an expected ten-year period, beginning on October 1, 2008, although certain provisions would terminate Bonneville's ability to earn interest credits early if Bonneville's reserve balance drops below certain pre-determined periodic thresholds.

In lieu of earning interest credits, Bonneville will invest the cash reserves in the Bonneville Fund in certain "Treasury Market-Based Special Securities." The United States Treasury provides these interest bearing securities to Federal agencies that have special accounts in the Treasury, such as the Bonneville Fund, that are authorized to hold and invest funds. At Bonneville's request, the United States Treasury will sell and Bonneville will purchase the securities to enable it to earn interest on its reserve balances. The Treasury Market-Based Special Securities reflect interest rates on the yield curve for United States Treasury-issued securities in the public markets. Thus, Bonneville will be able to invest in securities reflecting rates for periods as short as overnight or daily periods to periods as long as thirty years. Bonneville may cash out the securities on one day notice. If and when Bonneville cashes out the securities, the funds Bonneville receives will be adjusted by a premium or discount reflecting the mark-to-market value of the related security. Transitioning to Treasury Market-Based Special Securities will require that Bonneville actively manage its reserves to optimize returns while assuring that it has cash available to meet all of its disbursement needs.

On page A-11, "BONNEVILLE POWER ADMINISTRATION – DEVELOPMENTS RELATING TO BONNEVILLE'S POWER MARKETING APPROACH AND BONNEVILLE'S FINANCIAL CONDITION – Fiscal Year 2008 Expectations," delete this section in its entirety and insert the following information in lieu thereof:

Current analyses prepared outside of Bonneville but relied on by Bonneville indicate a water supply forecast for the Columbia River basin of 91 percent of the 30-year average for Fiscal Year 2008 based on a May 2008 forecast, as measured in terms of millions of acre feet of water. Historically, runoff amounts are determined to a great degree by late fall, winter, and early spring precipitation conditions in the Pacific Northwest and British Columbia. Current forecasts of runoff are preliminary indicators only and actual results could differ substantially from the projections.

Based on reserve levels in the Bonneville Fund, and forecasts of revenues and expenses as of the end of the second quarter of Fiscal Year 2008, Bonneville believes that there is a high probability that Bonneville will meet its Fiscal Year 2008 United States Treasury payment responsibilities on time and in full.

On page A-24, "POWER SERVICES—Certain Statutes and Other Matter Affecting Bonneville's Power Services—Fish and Wildlife—Columbia River System Biological Opinions," delete the final paragraph of this section and insert the following information in lieu thereof:

On May 2, 2008, Bonneville, the Corps and Reclamation, and a number of regional interests including four tribes, an inter-tribal association and the states of Montana and Idaho, signed a number of separate agreements to assure long-term fish and wildlife funding with respect to the Federal System. The agreements are designed to improve habitat and strengthen fish stocks in the Columbia River Basin over the next ten years. Most of the funding would be provided by Bonneville. Under the agreements, the tribes and states would commit to accomplishing biological objectives with the funds, linked to meeting the federal agencies' statutory requirements.

The agreements with the tribes would make available approximately \$900 million over the ten-year period to continue existing programs on Columbia River and Snake River tributaries and implement new priority fish projects.

The agreement among the State of Idaho, Bonneville, and the Corps and Reclamation and the agreement among the State of Montana, Bonneville, and the Corps and Reclamation are similar to the agreements with the tribes in that they are designed to improve habitat and strengthen fish stocks. With regard to the Idaho agreement, the measures are focused primarily in the Snake River Basin. Under the Idaho agreement, Bonneville would commit to funding about \$65 million in aggregate over the ten-year term. With regard to the Montana agreement, the measures are focused primarily on listed resident fish (non ocean-going) such as bull trout in Montana, over the next ten years. Under the agreement, Bonneville would commit to funding about \$16 million in aggregate over the ten-year term.

Bonneville estimates that roughly 60 percent of its proposed funding commitments in the agreements would be for new work required for implementation of the final 2008 Columbia River System Biological Opinion and otherwise agreed to in furtherance of Federal statutory fish and wildlife purposes such as the Northwest Power Act. The remaining amounts committed to in these agreements affirm the continuation of activities for fish and wildlife in furtherance of the ESA and Northwest Power Act that would otherwise face funding uncertainty after Fiscal Year 2009. While the foregoing agreements would provide funding assurances to implement many actions under the 2008 Columbia River System Biological Opinion to protect listed species under the ESA, the proposed agreements would also assure funding for other fish restoration efforts including efforts under the Northwest Power Act.

Additionally, all of the agreements promote a collaborative relationship between the non-Federal parties and the Federal agencies. Under the agreements, the participating tribes and states would agree that the Federal government's requirements under the ESA, the Federal Water Pollution Control Act and the Northwest Power Act are satisfied for the next ten years. The parties to the agreements also agreed that they will work together to support the agreements in all appropriate venues. The agreements would also specifically resolve, for these parties, ESA litigation regarding Columbia River System now pending before the United States District Court for the District of Oregon. Bonneville also believes that the agreements help fulfill the court's requirement that the parties increase collaboration in preparing the 2008 Columbia River System Biological Opinion. The agreement also provides a higher level of assured long-term funding, which was a concern raised by the court in reviewing past biological opinions.

On May 5, 2008, NOAA Fisheries issued the final 2008 Columbia River System Biological Opinion. In comparison to the 2004 Biological Opinion, the 2008 Columbia River System Biological Opinion calls for significant improvements in downstream juvenile passage survival performance standards, spill and operations that are better timed to the needs of individual listed fish species, expanded habitat program, expanded predation-management program, and specific commitments and timetable for site-specific fish hatchery consultations and reforms. Included in the new biological opinion are proposed structural modifications to the hydro-system which are expected to cost about \$500 million. These modifications will be funded by Federal appropriations, primarily to the Corps. Bonneville will be responsible for including in its power rates as a repayment to the United State Treasury about 80 percent of the costs of the modifications, which is the estimated portion of such costs assigned by law or administrative practice to be recovered in Bonneville's power rates. As with other appropriated investments in the Federal System, Bonneville depreciates the portion of the costs to be recovered in power rates from the dates the related capital facilities are placed in service through their expected useful lives. These modifications will be implemented over many years; thus, their costs will gradually be added to Bonneville's rates and appropriated repayment responsibility as they are placed in service.

The 2008 Columbia River System Biological Opinion does not call for dam-breaching, nor does it call for drawing down of reservoirs or other operational changes which could interfere substantially with hydro-electric generation to meet instant demands. Nonetheless, the 2008 Columbia River System Biological Opinion will affect dam operations and will increase both capital costs and operating expenses to Bonneville when compared to the prior biological opinion.

It is difficult to predict the aggregate increased cost to Bonneville that will arise from the 2008 Columbia River System Biological Opinion. Many measures in the new biological opinion have been implemented, are currently being implemented, or will be implemented, including under the tribal and state agreements discussed immediately above. Certain measures involve long-term costs or expenses that are difficult to predict. Qualified by the foregoing and other uncertainties, Bonneville estimates that the 2008 Columbia River System Biological Opinion together with the tribal and state funding agreements will in aggregate increase Bonneville's cost of service by approximately \$90 million per year, and increase power rates (all other things being equal) by about four per cent, in each case when compared to current levels. The \$90 million increment is in addition to the annual fish and wildlife costs that Bonneville currently incurs. By way of reference, these costs averaged \$715 million per year in Fiscal Years 2005-2007. This amount does not include Bonneville's repayment responsibility for the capitalized costs of the structural modifications described above. As noted above the capital costs will be included in Bonneville's rates as and when the related facilities are placed in service and depreciated over their expected useful lives. Bonneville will include the cost estimates in both the final 2008 Supplemental Power Rate Proposal for Fiscal Year 2009 and in subsequent power rate proposals.

Prior biological opinions with regard to the Columbia River System have engendered litigation. While several litigants in past ESA litigation regarding the Federal System have agreed not to challenge the 2008 Columbia River System Biological Opinion, it is likely that other parties will seek to challenge its legal sufficiency.

Bonneville is unable to provide any certainty regarding the costs it may incur, including costs from possible dam operations, under the Endangered Species Act and whether the 2008 Columbia River System Biological Opinion will, if challenged in litigation, be approved in its current form.

On page A-28, "POWER SERVICES—Certain Statutes and Other Matter Affecting Bonneville's Power Services—Power Marketing in Fiscal Years 2007 through 2011—Proposed Changes in the Provision of Residential Exchange Program Benefits" insert the following after the tenth sentence in paragraph seven:

On April 10, 2008, Clatskanie People's Utilities District filed a petition in the Ninth Circuit Court challenging Bonneville's Interim Agreements with the four Regional IOUs and whether Bonneville's decisions to execute these agreements comply with the Northwest Power Act, the Administrative Procedures Act, and other applicable statutes.

On page A-33, "TRANSMISSION SERVICES – Bonneville's Transmission System," delete the eleventh sentence in paragraph five and insert the following information in lieu thereof:

On April 14, 2008, Bonneville entered into a second master lease arrangement with Northwest Infrastructure Financing Corporation III ("NIFC III") to lease finance up to \$200 million in infrastructure projects in Fiscal Years 2008 and 2009.

THE 2008-D/E BONDS

The Project 1 2008-D/E Bonds are special revenue obligations of Energy Northwest issued pursuant to the Project 1 Electric Revenue Bond Resolution. The Project 1 2008-D/E Bonds are secured, on a subordinated basis to the Project 1 Prior Lien Bonds, by a pledge of all receipts, income and revenues derived by Energy Northwest from the ownership of Project 1. The Project 1 2008-D/E Bonds are secured on a parity with the Project 1 Electric Revenue Bonds, and will be secured on a parity with any additional bonds, notes or other obligations of Energy Northwest that are issued pursuant to the Project 1 Electric Revenue Bond Resolution or any Project 1 Separate Subordinated Resolution described under "SECURITY FOR THE NET BILLED BONDS - ADDITIONAL INDEBTEDNESS" in the 2008-A/B/C Official Statement.

The Columbia 2008-D/E Bonds are special revenue obligations of Energy Northwest issued pursuant to the Columbia Electric Revenue Bond Resolution. The Columbia 2008-D/E Bonds are secured, on a subordinated basis to the Columbia Prior Lien Bonds, by a pledge of all receipts, income and revenues derived by Energy Northwest from the ownership and operation of Columbia. The Columbia 2008-D/E Bonds are secured on a parity with the Columbia Electric Revenue Bonds, and will be secured on a parity with any additional bonds, notes or other obligations of Energy Northwest that are issued pursuant to the Columbia Electric Revenue Bond Resolution or any Columbia Separate Subordinated Resolution described under "SECURITY FOR THE NET BILLED BONDS - ADDITIONAL INDEBTEDNESS" in the 2008-A/B/C Official Statement.

The Project 3 2008-D/E Bonds are special revenue obligations of Energy Northwest issued pursuant to the Project 3 Electric Revenue Bond Resolution. The Project 3 2008-D/E Bonds are secured, on a subordinated basis to the Project 3 Prior Lien Bonds, by a pledge of all receipts, income and revenues derived by Energy Northwest from the ownership of Project 3. The Project 3 2008-D/E Bonds are secured on a parity with the Project 3 Electric Revenue Bonds, and will be secured on a parity with any additional bonds, notes or other obligations of Energy Northwest that are issued pursuant to the Project 3 Electric Revenue

Bond Resolution or any Project 3 Separate Subordinated Resolution described under “SECURITY FOR THE NET BILLED BONDS - ADDITIONAL INDEBTEDNESS” in the 2008-A/B/C Official Statement

There are no restrictions under the Electric Revenue Bond Resolutions on the issuance of debt pursuant to any of the above mentioned Separate Subordinated Resolutions, so long as the Net Billing Agreements and the other Project agreements are in effect and no event of default is existing under the applicable Electric Revenue Bond Resolutions. See “SECURITY FOR THE NET BILLED BONDS - ADDITIONAL INDEBTEDNESS” in the 2008-A/B/C Official Statement.

Energy Northwest has covenanted that it will not issue any more Prior Lien Bonds or any other bonds, warrants or other obligations that will rank on a parity with the pledge of and lien on the revenues created by the Prior Lien Resolutions.

The 2008-D/E Bonds are secured on a subordinated basis to the Prior Lien Bonds from amounts derived pursuant to Net Billing Agreements with and through Bonneville from net billing credits and from cash payments from the Bonneville Fund, as described herein. The receipts, income and revenues derived from a Project secure only the 2008-D/E Bonds relating to that Project. Accordingly, the owners of the 2008-D/E Bonds issued for a particular Project will have no claim on the receipts, income and revenues securing any other Energy Northwest Project. For further information, see “SECURITY FOR THE NET BILLED BONDS” in the 2008-A/B/C Official Statement.

For further information on the Net Billed Bonds outstanding as of March 1, 2008, see “ENERGY NORTHWEST - ENERGY NORTHWEST INDEBTEDNESS” in the 2008-A/B/C Official Statement.

DESCRIPTION OF THE 2008-D/E BONDS

GENERAL

The 2008-D/E Bonds will initially be dated the date of delivery and will mature on July 1 in the years and bear interest, payable on January 1 and July 1 of each year, commencing January 1, 2009, at the rates shown on the inside cover pages of this Official Statement. Interest on the 2008-D/E Bonds will be calculated based on a 360-day year, consisting of 12 30-day months. The Bank of New York Trust Company, N.A., Seattle, Washington, has been appointed the Trustee, Paying Agent and Registrar for the 2008-D/E Bonds (collectively, the “Trustee”). For so long as the 2008-D/E Bonds are registered in the name of Cede & Co. (as nominee of The Depository Trust Company, New York, New York (“DTC”)) or its registered assigns, payments of principal and interest shall be made in accordance with the operational arrangements of DTC. For further information on DTC, the book-entry system and registration and transfer of the 2008-D/E Bonds, see “DESCRIPTION OF THE 2008 BONDS – GENERAL – Book-Entry System; Transferability and Registration” and “—Discontinuation of Book-Entry Transfer System” in the 2008-A/B/C Official Statement and Exhibit D - “BOOK-ENTRY SYSTEM” herein.

REDEMPTION

No Optional Redemption

The 2008-D/E Bonds are not subject to redemption prior to their stated maturities.

Open Market Purchases

Energy Northwest has reserved the right to purchase any 2008-D/E Bonds on the open market at any time and at any price.

DEFEASANCE

The liens, pledges, charges, trusts, covenants and agreements of Energy Northwest made or provided for in the Electric Revenue Bond Resolutions shall be fully discharged and satisfied as to any related 2008-D/E Bond and such 2008-D/E Bond shall no longer be deemed to be outstanding under the Electric Revenue Bond Resolutions when payment of principal of and premium, if any, on such related 2008-D/E Bond, plus interest on such principal to the date thereof shall have been made or shall have been provided for by irrevocably depositing with the Trustee or a paying agent for such 2008-D/E Bond, in trust, and irrevocably appropriating and setting aside exclusively for such payment, either (1) moneys sufficient to make such payment, or (2) specified “defeasance obligations” maturing or redeemable at the option of the owner thereof, as to principal and interest in such amount and at such times as will assure the availability of sufficient money to make such payment, together with all necessary and proper fees, compensation and expenses of the Trustee and the paying agents pertaining to such 2008-D/E Bonds. Defeasance obligations are defined in RCW 39.53 and include direct obligations of the United States and certain obligations of United States agencies and instrumentalities and others as defined under “Government Obligations” in Appendix H-1 in the 2008-A/B/C Official Statement. See Appendix H-1 - “SUMMARY OF CERTAIN PROVISIONS OF ELECTRIC REVENUE BOND RESOLUTIONS AND SUPPLEMENTAL ELECTRIC REVENUE BOND RESOLUTIONS - Defeasance (Article XI)” in the 2008-A/B/C Official Statement for a discussion of defeasance of the 2008-D/E Bonds.

As a condition to defeasing any Series 2008-E (Taxable) Bonds, Energy Northwest must deliver to the Trustee for the Series 2008-E (Taxable) Bonds either a ruling from the Internal Revenue Service or an opinion of counsel to the effect that the Beneficial Owners of the Series 2008-E (Taxable) Bonds will not recognize income, gain or loss for federal income tax purposes

as a result of Energy Northwest's defeasance of such Series 2008-E (Taxable) Bonds and will be subject to federal income tax on the same amount and in the same manner and at the same time as would have been the case if such defeasance had not occurred.

PURPOSE OF ISSUANCE

The Project 1 2008-D Bonds are being issued for the purpose of refunding \$77,240,000 aggregate principal amount of the Project 1 Prior Lien Bonds.

The Columbia 2008-D Bonds are being issued for the purpose of refunding \$135,450,000 aggregate principal amount of the Columbia Prior Lien Bonds.

The Project 3 2008-D Bonds are being issued for the purpose of refunding \$68,930,000 aggregate principal amount of Project 3 Prior Lien Bonds.

The Project 1 2008-E (Taxable) Bonds are being issued for the purpose of paying costs relating to the issuance of the Project 1 2008-D Bonds and Project 1 2008-E (Taxable) Bonds as well as certain costs relating to the refunding of certain of the Project 1 Prior Lien Bonds.

The Columbia 2008-E (Taxable) Bonds are being issued for the purpose of paying certain costs relating to the issuance of the Columbia 2008-D Bonds and Columbia 2008-E (Taxable) Bonds as well as certain costs relating to the refunding of certain of the Columbia Prior Lien Bonds.

The Project 3 2008-E (Taxable) Bonds are being issued for the purpose of paying costs relating to the issuance of the Project 3 2008-D Bonds and the Project 3 2008-E (Taxable) Bonds, certain costs relating to the refunding of certain of the Project 3 Prior Lien Bonds and costs of issuance of the Energy Northwest Project 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F (the "Series 2008-F Bonds"), which are expected to be issued in June 2008. If the Series 2008-F Bonds are not issued, the remaining proceeds of the Project 3 2008-E (Taxable) Bonds will be used to repay Project 3 2008-E (Taxable) Bonds or as otherwise determined by Energy Northwest and Bonneville.

A major portion of the proceeds of the Series 2008-D Bonds and the Series 2008-E (Taxable) Bonds and other available amounts will be used to purchase certain investment securities permitted by the Prior Lien Resolutions (the "Investment Securities"), maturing in such amounts and at such times as shall be sufficient, together with the interest to accrue thereon, to pay the principal or redemption price, if any, of all of the Prior Lien Bonds to be refunded as set forth in the table below and to pay interest on all Prior Lien Bonds to be refunded to the date of their retirement. Concurrently with such purchase of Investment Securities, Energy Northwest shall deposit such Investment Securities in separate trust funds established with the Bond Fund Trustee for each of the Series of Prior Lien Bonds to be refunded pursuant to escrow agreements between Energy Northwest and the Bond Fund Trustee for each of such Series of Prior Lien Bonds to be refunded. At the time of such deposit, Energy Northwest shall direct the Bond Fund Trustee for each of the Series of the Prior Lien Bonds to be redeemed, if any, to give notice of redemption of such Prior Lien Bonds.

The accuracy of (1) the arithmetical computations as to the adequacy of the principal of and interest on the Investment Securities, together with other available funds, to pay the principal or redemption price, if any, of the Prior Lien Bonds to be refunded and to pay interest on all Prior Lien Bonds, and (2) the mathematical computations of the yields on the Series 2008-D Bonds and the adjusted yields on the Investment Securities acquired with the proceeds of the Series 2008-D Bonds will be verified by Bond Logistix LLC.

The Prior Lien Bonds to be refunded with the proceeds of the 2008-D/E Bonds are identified below.

Prior Lien Bonds to be Refunded:

Project	Series	Amount	Maturity (July 1)	Interest Rate	Redemption Date	Redemption Price
1	1997B	\$ 1,190,000	2009	5.00%	July 1, 2008	101%
1	1997B	1,250,000	2010	5.10	July 1, 2008	101
1	1997B	1,310,000	2011	5.125	July 1, 2008	101
1	1998A	3,520,000	2010	5.00	July 1, 2008	102
1	1998A	3,805,000	2011	5.00	July 1, 2008	102
1	1998A	11,745,000	2012	5.00	July 1, 2008	102
1	1998A	12,235,000	2013	5.00	July 1, 2008	102
1 (1)	1998A	42,185,000	2017	5.125	July 1, 2008	102
Columbia	1997B	5,000,000	2009	5.00	July 1, 2008	101
Columbia	1997B	5,000,000	2010	5.10	July 1, 2008	101
Columbia	1997B	5,000,000	2011	5.20	July 1, 2008	101
Columbia	1998A	21,700,000	2010	5.00	July 1, 2008	102
Columbia	1998A	22,725,000	2011	5.00	July 1, 2008	102
Columbia	1998A	76,025,000	2012	5.00	July 1, 2008	102
3	1997A	7,375,000	2010	5.10	July 1, 2008	101
3	1997A	7,730,000	2011	5.125	July 1, 2008	101
3 (1)	1998A	53,825,000	2018	5.125	July 1, 2008	102

(1) Term bonds.

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS:

Project 1

Principal of Project 1 2008-D Bonds.....	\$ 72,000,000
Principal of Project 1 2008-E (Taxable) Bonds	2,095,000
Net Original Issue Premium Project 1 Bonds	5,234,926
Moneys Available Under Project 1 Prior Lien Resolution.....	<u>1,632,341</u>
Total	\$ 80,962,267

Columbia

Principal of Columbia 2008-D Bonds.....	\$ 127,510,000
Principal of Columbia 2008-E (Taxable) Bonds.....	3,545,000
Net Original Issue Premium Columbia Bonds.....	7,939,659
Moneys Available Under Columbia Prior Lien Resolution.....	<u>2,828,125</u>
Total	\$ 141,822,784

Project 3

Principal of Project 3 2008-D Bonds.....	\$ 64,295,000
Principal of Project 3 2008-E (Taxable) Bonds	2,485,000
Net Original Issue Premium Project 3 Bonds	4,633,189
Moneys Available Under Project 3 Prior Lien Resolution.....	<u>1,471,174</u>
Total	\$ 72,884,363

USES OF FUNDS:

Project 1

Deposit with escrow trustee for refunded Project 1 Prior Lien Bonds	\$ 80,551,330
Costs of Issuance and Additional Proceeds*	<u>410,937</u>
Total	\$ 80,962,267

Columbia

Deposit with escrow trustee for refunded Columbia Prior Lien Bonds	\$ 141,132,201
Costs of Issuance and Additional Proceeds*	<u>690,583</u>
Total	\$ 141,822,784

Project 3

Deposit with escrow trustee for refunded Project 3 Prior Lien Bonds	\$ 71,785,025
Costs of Issuance and Additional Proceeds*	<u>1,099,338</u>
Total	\$ 72,884,363

* Includes underwriters' compensation. For Project 3, includes the estimated costs of issuing the Project 3 2008-D/E Bonds and the Series 2008-F Bonds.

LEGAL MATTERS

The approving opinion of K&L Preston Gates Ellis LLP, Bond Counsel to Energy Northwest, as to the legality of the 2008-D/E Bonds will be in substantially the form appended hereto in Exhibit A - "PROPOSED FORM OF OPINION OF BOND COUNSEL." The opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel, as to the exclusion of the interest on the Series 2008-D Bonds from the gross income of the owners thereof for federal income tax purposes will be in substantially the form appended hereto in Exhibit B - "PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL."

Bond Counsel will also render a supplemental opinion with respect to the validity and enforceability of the Net Billing Agreements and the Assignment Agreements. As to the due authorization, execution and delivery of such Net Billing Agreements and the Assignment Agreements by Bonneville and certain other matters relating to Bonneville, Bond Counsel will rely on the opinion of Bonneville's General Counsel. In rendering its opinion with respect to the Net Billing Agreements, Bond Counsel will assume, among other things, (1) the due incorporation and valid organization and existence as a municipality, publicly owned utility or rural electric cooperative, as applicable, of each Participant, (2) the due authorization by such Participant of the requisite governmental or corporate action, as the case may be, and due execution and delivery of the Net Billing Agreements to which such Participant is a party and that all assignments of any Participants' obligations under the Net Billing Agreements were properly done, and (3) with respect to the Participants' obligations under the Net Billing Agreements, no conflict or violations under applicable law. In rendering its opinion as to the enforceability of the Net Billing Agreements against the Participants, Bond Counsel has assumed the continued obligations of Bonneville, and performance by Bonneville of its obligations under, the Net Billing Agreements and Assignment Agreements, and such opinion does not address the effect on the enforceability against the Participants if Bonneville is no longer obligated under the Net Billing Agreements and Assignment Agreements or of nonperformance thereunder by Bonneville. The assumption in the prior sentence does not affect Bond Counsel's opinion as to the enforceability of the Net Billing Agreements and Assignment Agreements against Bonneville. In the event a Participant's obligations under the Net Billing Agreements are no longer enforceable against such Participant, it is the opinion of Bond Counsel that Bonneville is obligated under the Net Billing Agreements, the Assignment Agreements and the 1989 Letter Agreement to pay to Energy Northwest the amounts required to be paid by such Participant under the Net Billing Agreement. A copy of the proposed form of supplemental opinion of Bond Counsel is set forth in Appendix D-2 - "PROPOSED FORM OF SUPPLEMENTAL OPINIONS OF BOND COUNSEL" in the 2008-A/B/C Official Statement.

See "SECURITY FOR THE NET BILLED BONDS - NET BILLING AND RELATED AGREEMENTS - Assignment Agreements" in the 2008-A/B/C Official Statement for a discussion of Bonneville's agreement to pay directly to Energy Northwest certain amounts that are not paid by a Participant and for a discussion of certain of Bonneville's obligations under the Columbia Assignment Agreement.

Certain legal matters, including the enforceability against Bonneville of the Net Billing Agreements and the Assignment Agreements relating to Project 1, Columbia and Project 3, will be passed upon for Bonneville by its General Counsel and by its Special Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski L.L.P., New York, New York, Counsel to the Underwriters.

TAX MATTERS

SERIES 2008-D BONDS

In the opinion of Special Tax Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2008-D Bonds is excluded from gross income for federal income tax purposes under Title XIII of the Tax Reform Act of 1986, as amended (the "1986 Act") and Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"). Special Tax Counsel is of the further opinion that interest on the Series 2008-D Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Tax Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. In rendering its opinion, Special Tax Counsel has relied on the opinion of Bond Counsel as to the validity of the Series 2008-D Bonds and the due authorization and issuance of these Bonds. A complete copy of the proposed form of opinion of Special Tax Counsel is set forth in Exhibit B - "PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL."

To the extent the issue price of any maturity of the Series 2008-D Bonds is less than the amount to be paid at maturity of such Series 2008-D Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2008-D Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2008-D Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2008-D Bonds is the first price at which a substantial amount of such maturity of the Series 2008-D Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2008-D Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2008-D Bonds to determine taxable gain or loss upon disposition (including sale or payment on maturity) of such Series 2008-D Bonds. Beneficial Owners of the Series 2008-D Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2008-D Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2008-D Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2008-D Bonds is sold to the public.

Series 2008-D Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Title XIII of the 1986 Act and the 1954 Code impose various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2008-D Bonds. Energy Northwest and Bonneville have made certain representations and have covenanted to comply with certain restrictions designed to ensure that interest on the Series 2008-D Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2008-D Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of these Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2008-D Bonds may adversely affect the value of, or the tax status of, interest on these Bonds. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel is of the opinion that interest on the Series 2008-D Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, these Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Tax Counsel expresses no opinion regarding any such other tax consequences.

The opinion of Special Tax Counsel is based on current legal authority and represents Special Tax Counsel's judgment as to the proper treatment of the Series 2008-D Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Special Tax Counsel cannot give and has not given any opinion or assurance about the future activities of Energy Northwest or Bonneville, or about the effect of future changes in the 1986 Act, the 1954 Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Energy Northwest and Bonneville have covenanted, however, to comply with applicable requirements of the 1986 Act and the 1954 Code.

Future legislative proposals, if enacted into law, clarification of the 1954 Code or the 1986 Act or court decisions may cause interest on the Series 2008-D Bonds to be subject, directly or indirectly, to federal income taxation, to be subject to or

exempted from state income taxation, or otherwise affect the tax status of such interest to Beneficial Owners. As one example, on November 5, 2007, the United States Supreme Court heard an appeal from a Kentucky state court which ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by the state and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions. The introduction or enactment of any such future legislative proposals or clarification of the 1954 Code or the 1986 Act or court decisions may also affect the market price for, or marketability of, the Series 2008-D Bonds. Prospective purchasers of these Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Special Tax Counsel expresses no opinion.

Special Tax Counsel's engagement with respect to the Series 2008-D Bonds ends with the issuance of the Series 2008-D Bonds, and, unless separately engaged, Special Tax Counsel is not obligated to defend Energy Northwest, Bonneville or the Beneficial Owners regarding the tax-exempt status of the Series 2008-D Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than Energy Northwest, Bonneville and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which Energy Northwest or Bonneville legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2008-D Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2008-D Bonds, and may cause Energy Northwest, Bonneville or the Beneficial Owners to incur significant expense.

SERIES 2008-E (TAXABLE) BONDS

In the opinion of Special Tax Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2008-E (Taxable) Bonds is not excluded from gross income for federal income tax purposes under Title XIII of the 1986 Act, Section 103 of the 1954 Code, or Section 103 of the Internal Revenue Code of 1986, as amended. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008-E (Taxable) Bonds.

CIRCULAR 230 DISCLAIMER

Investors are urged to obtain independent tax advice regarding the Series 2008-E (Taxable) Bonds based upon their particular circumstances. The tax discussion above regarding the Series 2008-E (Taxable) Bonds was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Series 2008-E (Taxable) Bonds.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch, Inc. ("Fitch") have assigned the 2008-D/E Bonds the ratings of Aaa, AA- and AA-, respectively. Ratings were applied for by Energy Northwest and certain information was supplied by Energy Northwest and Bonneville to such rating agencies to be considered in evaluating the 2008-D/E Bonds. Such ratings reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. There is no assurance that any or all of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2008-D/E Bonds.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the 2008-D/E Bonds from Energy Northwest and to make a bona fide public offering of such 2008-D/E Bonds at not in excess of the public offering prices set forth on the inside cover pages of this Official Statement. Aggregate underwriters' compensation under the bond purchase contract for the 2008-D/E Bonds is \$976,853.76. The Underwriters' obligations are subject to certain conditions precedent contained in the bond purchase contract and they will be obligated to purchase all of such 2008-D/E Bonds of the applicable series if any such 2008-D/E Bonds are purchased. The 2008-D/E Bonds may be offered and sold to certain dealers, banks and others (including underwriters and other dealers depositing such 2008-D/E Bonds into investment trusts) at prices lower than such initial offering prices and such initial offering prices may be changed from time to time by the Underwriters of the 2008-D/E Bonds.

PROPOSED FORM OF OPINION OF BOND COUNSEL

Energy Northwest

Goldman, Sachs & Co.

Citigroup Global Markets Inc.

J.P. Morgan Securities Inc.

Prager, Sealy & Co., LLC

Ladies and Gentlemen:

We have acted as bond counsel to Energy Northwest, a municipal corporation and joint operating agency of the State of Washington (the "State"), created and existing under and pursuant to Chapter 43.52 of the Revised Code of Washington, as amended (the "Act"), in connection with the issuance of its [\$74,095,000/\$131,055,000/\$66,780,000] [Project 1/Columbia Generating Station/Project 3] Electric Revenue Refunding Bonds, Series 2008-D and Series 2008-E (Taxable) (the "2008-D/E Bonds"). The 2008-D/E Bonds are authorized to be issued pursuant to (i) the Act, (ii) Resolution No. [835/1042/838] (the "Electric Revenue Bond Resolution"), adopted by the Executive Board of Energy Northwest (the "Executive Board") on [November 23, 1993/October 23, 1997/November 23, 1993], as amended by a resolution adopted on March 21, 2001, and (iii) a Supplemental Resolution adopted by the Executive Board on May 16, 2008 (the "Supplemental Resolution"). The Electric Revenue Bond Resolution and the Supplemental Resolution are hereinafter collectively referred to as the "Bond Resolutions." All capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Bond Resolutions.

The 2008-D/E Bonds are not subject to redemption prior to maturity. The 2008-D/E Bonds rank junior as to security and payment to bonds issued and outstanding under the Prior Lien Resolution. The 2008-D/E Bonds rank equally as to security and payment with all other Parity Debt.

Regarding questions of fact material to our opinion, we have relied on representations of Energy Northwest in the Bond Resolutions and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. Energy Northwest is a municipal corporation and joint operating agency, duly created and existing under the laws of the State, including particularly the Act, having the right and power under the Act to acquire, construct, own and operate the Project, adopt the Bond Resolutions, issue the 2008-D/E Bonds and apply the proceeds of the 2008-D/E Bonds in accordance with the Supplemental Resolution.

2. The Bond Resolutions have been duly and lawfully adopted by Energy Northwest, are in full force and effect, are valid and binding upon Energy Northwest and are enforceable in accordance with their terms. Energy Northwest's covenants in the Prior Lien Resolution to deposit all revenue derived from the Project into the Revenue Fund and to pay principal of and interest on the Prior Lien Bonds prior to paying the principal of and interest on the 2008-D/E Bonds and other Parity Debt are valid and binding upon Energy Northwest and are enforceable in accordance with their terms.

3. The 2008-D/E Bonds have been duly and validly authorized and issued under the Act and the Bond Resolutions and constitute valid and binding special revenue obligations of Energy Northwest, enforceable in accordance with their terms and the terms of the Bond Resolutions. The 2008-D/E Bonds are payable solely from the revenues and other amounts pledged to such payment under the Bond Resolutions. The 2008-D/E Bonds are not a debt of the State or any political subdivision thereof (other than Energy Northwest), and neither the State nor any other political subdivision of the State is liable thereon.

The opinions above are qualified to the extent that the enforcement of the rights and remedies of the owners of the 2008-D/E Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion, and we express no opinion regarding the enforceability of provisions in the Bond Resolutions that provide for rights of indemnification.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L PRESTON GATES ELLIS LLP

PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL

Energy Northwest
P.O. Box 968
Richland, Washington 99352

Energy Northwest
\$72,000,000 Project 1 Energy Northwest Revenue Refunding Bonds, Series 2008-D
\$127,510,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-D
\$64,295,000 Project 3 Energy Northwest Revenue Refunding Bonds, Series 2008-D
\$2,095,000 Project 1 Energy Northwest Revenue Refunding Bonds, Series 2008-E (Taxable)
\$3,545,000 Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-E (Taxable)
\$2,485,000 Project 3 Energy Northwest Revenue Refunding Bonds, Series 2008-E (Taxable)

Ladies and Gentlemen:

We have acted as Special Tax Counsel to the Bonneville Power Administration in connection with the issuance by Energy Northwest (formerly known as the Washington Public Power Supply System), a municipal corporation and joint operating agency of the State of Washington, of \$72,000,000 aggregate principal amount of Project 1 Electric Revenue Refunding Bonds, Series 2008-D (the "Project 1 2008-D Bonds"), \$127,510,000 aggregate principal amount of Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-D (the "Columbia 2008-D Bonds"), \$64,295,000 aggregate principal amount of Project 3 Electric Revenue Refunding Bonds, Series 2008-D (the "Project 3 2008-D Bonds," and together with the Project 1 2008-D Bonds and the Columbia 2008-D Bonds, the "Series 2008-D Bonds"), \$2,095,000 aggregate principal amount of Project 1 Electric Revenue Refunding Bonds, Series 2008-E (Taxable) (the "Project 1 2008-E Taxable Bonds"), \$3,545,000 aggregate principal amount of Columbia Generating Station Electric Revenue Refunding Bonds, Series 2008-E (Taxable) (the "Columbia 2008-E Taxable Bonds"), \$2,485,000 aggregate principal amount of Project 3 Electric Revenue Refunding Bonds, Series 2008-E (Taxable) (the "Project 3 2008-E Taxable Bonds," and together with the Project 1 2008-E Taxable Bonds and the Columbia 2008-E Taxable Bonds, the "Series 2008-E Taxable Bonds"). The Project 1 2008-D Bonds and the Project 1 2008-E Taxable Bonds are being issued pursuant to Chapter 43.52 of the Revised Code of Washington, as amended (the "Act"), and Resolution No. 835, adopted by Energy Northwest on November 23, 1993, as amended and supplemented, and a supplemental resolution adopted on May 16, 2008 (the "Project 1 Resolution"). The Columbia 2008-D Bonds and the Columbia 2008-E Taxable Bonds are being issued pursuant to the Act and Resolution No. 1042, adopted by Energy Northwest on October 23, 1997, as amended and supplemented, and a supplemental resolution adopted on May 16, 2008 (the "Columbia Resolution"). The Project 3 2008-D Bonds and the Project 3 2008-E Taxable Bonds are being issued pursuant to the Act and Resolution No. 838, adopted by Energy Northwest on November 23, 1993, as amended and supplemented, and a supplemental resolution adopted on May 16, 2008 (the "Project 3 Resolution," and together with the Project 1 Resolution and the Columbia Resolution, the "Resolutions"). The Series 2008-D Bonds are being issued for the purpose of refunding certain outstanding bonds issued by Energy Northwest. The Series 2008-E Taxable Bonds are being issued for the purpose of paying certain costs of issuance and other refunding costs relating to the Series 2008-D Bonds and the Series 2008-E Taxable Bonds.

In such connection, we have reviewed certified copies of the Resolutions, the Tax Matters Certificate executed and delivered by Energy Northwest on the date hereof and the Tax Matters Certificate executed and delivered on the date hereof by the Bonneville Power Administration (collectively, the "Tax Certificates"); the opinion of K&L Preston Gates Ellis LLP, as Bond Counsel; additional certificates of Energy Northwest, the Bonneville Power Administration and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Series 2008-D Bonds and Series 2008-E Taxable Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions and the Tax Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will

not cause interest on the Series 2008-D Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights under the Series 2008-D Bonds, the Resolutions and the Tax Certificates and their enforceability may be subject to the bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate case and to the limitations on legal remedies against bodies politic and corporate of the State of Washington and against the Bonneville Power Administration. Finally, as Special Tax Counsel we undertake no responsibility for the accuracy, completeness or fairness of any portion of the Official Statement of Energy Northwest, dated May 16, 2008 relating to the Series 2008-D Bonds and the 2008-E Taxable Bonds, or other offering material relating to those Bonds and express no opinion with respect thereto.

We have relied with your consent on the opinion of K&L Preston Gates Ellis LLP, Bond Counsel, with respect to the validity of the Series 2008-D Bonds and the Series 2008-E Taxable Bonds and with respect to the due authorization and issuance of the Series 2008-D Bonds and the Series 2008-E Taxable Bonds.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that interest on the Series 2008-D Bonds is excluded from gross income for federal income tax purposes under Title XIII of the Tax Reform Act of 1986, as amended (the "1986 Act") and Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"). We also are of the opinion that interest on the Series 2008-E Taxable Bonds is not excluded from gross income for federal income tax purposes under Title XIII of the 1986 Act, Section 103 of the 1954 Code or Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2008-D Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

Except as expressly stated herein, we express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008-D Bonds and the Series 2008-E Taxable Bonds.

Series 2008-E Taxable Bonds Circular 230 Disclaimer:

Investors are urged to obtain independent tax advice regarding the Series 2008-E Taxable Bonds based upon their particular circumstances. The tax discussion above regarding the Series 2008-E Taxable Bonds was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Series 2008-E Taxable Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

FEDERAL SYSTEM UNAUDITED REPORT FOR
THE SIX MONTHS ENDED MARCH 31, 2008

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Exhibit C
Federal Columbia River Power System
Combined Balance Sheets
(Unaudited)

March 31,
2008

September 30,
2007

(thousands of dollars)

Assets			
Federal utility plant			
Completed plant	\$	13,255,098	\$ 13,278,856
Accumulated depreciation		(4,877,222)	(4,825,295)
		<u>8,377,876</u>	<u>8,453,561</u>
Construction work in progress		969,382	851,620
Net federal utility plant		<u>9,347,258</u>	<u>9,305,181</u>
Nonfederal generation		<u>2,460,300</u>	<u>2,465,230</u>
Current assets			
Cash		1,728,281	1,475,544
Accounts receivable, net of allowance		111,633	140,335
Accrued unbilled revenues		222,663	181,526
Materials and supplies, at average cost		75,754	68,334
Prepaid expenses		25,379	19,938
Total current assets		<u>2,163,710</u>	<u>1,885,677</u>
Other assets			
Regulatory assets		5,727,297	5,938,724
Nonfederal nuclear decommissioning trusts		161,838	162,438
Deferred charges and other		206,311	206,398
Total other assets		<u>6,095,446</u>	<u>6,307,560</u>
Total assets	\$	<u>20,066,714</u>	\$ <u>19,963,648</u>
Capitalization and Liabilities			
Capitalization and long-term liabilities			
Accumulated net revenues	\$	2,525,135	\$ 2,402,565
Federal appropriations		4,367,631	4,326,688
Bonds issued to U.S. Treasury		1,735,900	1,760,900
Nonfederal debt		6,290,300	6,262,295
Total capitalization and long-term liabilities		<u>14,918,966</u>	<u>14,752,448</u>
Commitments and contingencies (See Note 9 to annual financial statements)			
Current liabilities			
Federal appropriations		10,913	10,913
Bonds issued to U.S. Treasury		464,600	479,600
Nonfederal debt		289,158	288,758
Accounts payable and other		640,544	346,352
Total current liabilities		<u>1,405,215</u>	<u>1,125,623</u>
Other Liabilities			
Regulatory liabilities		2,018,671	2,050,228
IOU exchange benefits		741,046	1,068,217
Asset retirement obligations		178,600	175,500
Deferred credits		804,216	791,632
Total other liabilities		<u>3,742,533</u>	<u>4,085,577</u>
Total capitalization and liabilities	\$	<u>20,066,714</u>	\$ <u>19,963,648</u>

Federal Columbia River Power System
Combined Statements of Revenues and Expenses
(Unaudited)

	Three Months Ended March 31,		Fiscal Year-to-Date Ended March 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(thousands of dollars)			
Operating revenues	\$ 799,623	\$ 880,672	\$ 1,580,943	\$ 1,699,600
Operating expenses				
Operations and maintenance	345,323	373,460	692,889	746,897
Purchased power	97,581	67,444	231,422	179,203
Nonfederal projects	125,145	87,509	246,418	175,465
Depreciation and amortization	89,034	89,131	177,565	178,806
Total operating expenses	<u>657,083</u>	<u>617,544</u>	<u>1,348,294</u>	<u>1,280,371</u>
Net operating revenues	<u>142,540</u>	263,128	<u>232,649</u>	419,229
Interest (income) and expense				
Interest on federal investment:				
Appropriated funds	49,119	48,622	98,198	99,007
Bonds issued to U.S. Treasury	30,755	32,262	61,528	64,724
Allowance for funds used during construction	(5,860)	(2,315)	(11,567)	(6,550)
Interest income	(19,551)	(15,768)	(38,080)	(30,967)
Net interest expense	<u>54,463</u>	62,801	<u>110,079</u>	126,214
Net revenues	<u>\$ 88,077</u>	<u>\$ 200,327</u>	<u>\$ 122,570</u>	<u>\$ 293,015</u>

BOOK-ENTRY SYSTEM

The following information (except for the final paragraph) has been provided by The Depository Trust Company, New York, New York ("DTC"). Energy Northwest makes no representation regarding the accuracy or completeness thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the DTC Participants (as hereinafter defined).

DTC will act as securities depository for the 2008-D/E Bonds. The 2008-D/E Bonds will be issued as fully-registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2008-D/E Bond certificate will be issued for each maturity of the 2008-D/E Bonds in the principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2008-D/E Bonds under the DTC system, in denominations of \$5,000 or any integral multiple thereof, must be made by or through Direct Participants, which will receive a credit for the 2008-D/E Bonds on DTC's records. The ownership interest of each actual purchaser of each 2008-D/E Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008-D/E Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2008-D/E Bonds, except in the event that use of the book entry-entry system for the 2008-D/E Bonds is discontinued.

To facilitate subsequent transfers, all 2008-D/E Bonds deposited by DTC Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2008-D/E Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008-D/E Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008-D/E Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

When notices are given, they shall be sent by the Trustee to DTC only. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2008-D/E Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Energy Northwest as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2008-D/E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2008-D/E Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Energy Northwest or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Trustee, or Energy Northwest, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is the responsibility of Energy Northwest or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2008-D/E Bonds at any time by giving reasonable notice to Energy Northwest and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2008-D/E Bond certificates are required to be printed and delivered.

Energy Northwest may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, 2008-D/E Bond certificates will be printed and delivered to DTC.

With respect to 2008-D/E Bonds registered on the Bond Register in the name of Cede & Co., as nominee of DTC, Energy Northwest and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom a DTC Participant holds an interest in the 2008-D/E Bonds with respect to, (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the 2008-D/E Bonds; (ii) the delivery to any DTC Participant or any other person, other than a bondowner as shown on the Bond Register, of any notice with respect to the 2008-D/E Bonds, including any notice of redemption; (iii) the payment to any DTC Participant or any other person, other than a bondowner as shown on the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the 2008-D/E Bonds; (iv) the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the 2008-D/E Bonds; (v) any consent given action taken by DTC as registered owner; or (vi) any other matter. Energy Northwest and the Trustee may treat and consider Cede & Co., in whose name each 2008-D/E Bond is registered on the Bond Register, as the holder and absolute owner of such 2008-D/E Bond for the purpose of payment of principal and interest with respect to such 2008-D/E Bond, for the purpose of giving notices of redemption and other matters with respect to such 2008-D/E Bond, for the purpose of registering transfers with respect to such 2008-D/E Bond, and for all other purposes whatsoever. For the purposes of this Official Statement, the term "Beneficial Owner" shall include the person for whom the DTC Participant acquires an interest in the 2008-D/E Bonds.

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