



Department of Energy

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

November 18, 2005

In reply refer to: KFW-2

Dear BPA Customers and Interested Parties:

You are cordially invited to a public workshop to discuss the potential for extending a portion of the existing Energy Northwest (EN) Columbia Generating Station (CGS) debt into the 2019 through 2024 timeframe consistent with the term of its current Nuclear Regulatory Commission operating license. BPA is presenting its analysis of debt extension for the purpose of rate relief in the FY 2007–2009 rate period to follow up on a commitment from the Power Function Review.

This potential extension of a portion of the CGS debt is being examined independently of the Debt Optimization Program. It can be viewed as a separate action designed for rate relief for the Power Business Line. Although there are some secondary benefits to Treasury borrowing authority, and the extension could increase the benefits of the Debt Optimization Program, that is not the primary purpose. The extension financing, if warranted, would occur in conjunction with the EN FY 2006 debt optimization refinancing in March/April 2006. By conducting this financing at that time, BPA would be able to capture the rate effects in the final power rate proposal.

In addition to reviewing the potential effects of extending some EN CGS debt for rate reduction purposes, BPA is also planning to present analysis of debt financing CGS capital improvements to 2024 (as opposed to the currently planned 2018) in order to minimize near term rate pressure by matching the bond maturities more closely to the service life of the plant.

The workshop will be held:

Monday, November 28, 2005

3:00 – 5:00 p.m.

Rates Hearing Room

911 N.E. 11th Avenue

Portland, Oregon 97232

To participate by phone, please call Joyce Chan, at 503-230-5863

For a more thorough explanation, please refer to the [fact sheet](#) we have prepared on these topics. Another source of information is BPA's presentation to the EN Audit, Legal, and Finance Committee on October 27, 2005, under the title "[Management of Energy Northwest Debt.](#)"

Thank you for your interest.

Sincerely,

/s/ David J. Armstrong Nov. 18, 2005

David J. Armstrong
Chief Financial Officer

Bonneville Power Administration