

OFFICIAL STATEMENT

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-F 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-F 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 “TAXMATTERS” herein.

ENERGY NORTHWEST

Project 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F

Subseries 2008-F-1: \$104,415,000

Subseries 2008-F-2: \$104,415,000

Dated: Date of delivery

Price: 100%

Due: July 1, 2018

The Energy Northwest Project 3 Variable Rate Electric Revenue Refunding Bonds (the “Series 2008-F Bonds”) are being issued for the purpose of refunding certain Project 3 Electric Revenue Bonds. See “PURPOSE OF ISSUANCE” herein. The Bank of New York Trust Company, N.A., will serve as Trustee, Tender Agent and Paying Agent (the “Trustee”) for the Series 2008-F Bonds.

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 Series 2008-F Bonds will be issued in fully registered form, registered in the name of Cede & Co., as Owner and nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2008-F Bonds. Individual purchases will be made in book-entry form, in Authorized Denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000. So long as Cede & Co. is the Owner of the Series 2008-F Bonds and nominee of DTC, references herein to holders or Owners shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2008-F Bonds. As long as Cede & Co. is the Owner as nominee of DTC, payments on the Series 2008-F Bonds will be made to such Owner, and disbursement of such payments will be the responsibility of DTC and DTC Participants as described herein. See “DESCRIPTION OF THE SERIES 2008-F BONDS—General” and Exhibit D—“BOOK-ENTRY SYSTEM” herein.

The Series 2008-F Bonds consist of two Subseries, each of which will be issued initially in the Weekly Mode, with interest rates determined weekly by a Remarketing Agent (the “Remarketing Agent”), initially Goldman, Sachs & Co. (the “Initial Remarketing Agent”). While in the Weekly Mode, interest on the Series 2008-F Bonds will be payable on the first Business Day of each month, commencing July 1, 2008. The Series 2008-F Bonds may be converted to other interest rate modes as described herein. See “DESCRIPTION OF THE SERIES 2008-F BONDS—Conversion of Series 2008-F Bonds to Other Interest Rate Modes.”

So long as they remain in the Weekly Mode, Series 2008-F Bonds tendered for purchase and not remarketed by the Remarketing Agent will be purchased by

Dexia Crédit Local, acting through its New York Branch (the “Initial Liquidity Provider”)

pursuant to a Standby Bond Purchase Agreement among Energy Northwest, the Trustee and the Initial Liquidity Provider (the “Initial Liquidity Facility”). The Initial Liquidity Facility will expire on June 17, 2011, unless extended as provided therein or earlier terminated upon the occurrence of certain events described in this Official Statement. See “THE INITIAL LIQUIDITY FACILITY.” **So long as the Series 2008-F Bonds remain in the Daily or Weekly Mode, and so long as the purchase of tendered Series 2008-F Bonds is supported by the Initial Liquidity Facility, as the same may be extended from time to time, this Official Statement is not expected to be updated in connection with any remarketing of the Series 2008-F Bonds.**

The Series 2008-F 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 Series 2008-F Bonds are payable as provided herein on a subordinated basis to the Project 3 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. Project 3 is a separate project of Energy Northwest, and the Series 2008-F Bonds are payable solely from the revenues of Project 3. See “SECURITY FOR THE NET BILLED BONDS” and Appendix A—“THE BONNEVILLE POWER ADMINISTRATION” in the 2008-A/B/C Official Statement.

SUBSERIES, MATURITIES AND OTHER INFORMATION— See Inside Cover

The Series 2008-F Bonds are offered when, as, and if issued and received by the Underwriter, 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 Underwriter by Fulbright & Jaworski L.L.P., New York, New York, Counsel to the Underwriter. It is expected that the Series 2008-F Bonds will be available for delivery through the facilities of DTC on or about June 17, 2008.

Goldman, Sachs & Co.

SUBSERIES, MATURITIES AND OTHER INFORMATION

\$208,830,000

Project No. 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F

<u>Subseries Designation</u>	<u>CUSIP Number</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Liquidity Provider</u>	<u>Bond Insurer</u>	<u>Weekly Rate Determination Date (1)</u>	<u>Initial Remarketing Agent (2)</u>
2008-F-1	29270CTG0	\$104,415,000	July 1, 2018(3)	Dexia	None	Tuesday	Goldman, Sachs & Co.
2008-F-2	29270CTH8	\$104,415,000	July 1, 2018	Dexia	None	Tuesday	Goldman, Sachs & Co.

- (1) Each Subseries of the Series 2008-F Bonds is being issued initially in the Weekly Mode. Each Subseries may be changed, in whole or in part, to a Daily Mode or to another Interest Rate Mode as described herein. The Weekly Rate Determination Date for each Subseries may be changed as provided herein.
- (2) The Remarketing Agent for each Subseries of the Series 2008-F Bonds may be changed from time to time, as described herein.
- (3) Term bonds subject to mandatory redemption as described herein. See “DESCRIPTION OF THE SERIES 2008-F BONDS—MANDATORY REDEMPTION.”

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Vice President, Energy/Business Services/Public Information Officer
Vice President, Corporate Services/General Counsel/Chief Financial Officer
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No dealer, broker, salesman or other person has been authorized by Energy Northwest or by the Underwriter 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 Underwriter. 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 Series 2008-F 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.

The information concerning Dexia Crédit Local, acting through its New York Branch (the “Initial Liquidity Provider”), has been supplied by the Initial Liquidity Provider. Other than the information supplied by the Initial Liquidity Provider, none of the information in this Official Statement has been supplied or verified by the Initial Liquidity Provider.

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2008-F BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2008-F 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

ENERGY NORTHWEST

Project 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F

Subseries 2008-F-1: \$104,415,000

Subseries 2008-F-2: \$104,415,000

INTRODUCTION

Energy Northwest furnishes this Official Statement, which includes the cover page and inside cover page hereof and the appendices hereto, in connection with the sale of the Series 2008-F Bonds (hereinafter defined). This Introduction is not intended to provide all information material to a prospective purchaser of the Series 2008-F 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 its Project 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F in the aggregate principal amount of \$208,830,000 (the "Series 2008-F Bonds"). See "INCLUSION BY REFERENCE" below. The Series 2008-F Bonds will be issued in two Subseries: a Subseries designated herein as the "Subseries 2008-F-1 Bonds" in the aggregate principal amount of \$104,415,000 and a Subseries designated herein as the "Subseries 2008-F-2 Bonds" in the aggregate principal amount of \$104,415,000 (each a "Subseries").

The Series 2008-F Bonds are being issued pursuant to Chapter 43.52 of the Revised Code of Washington, as amended (the "Act"), and Resolution No. 838 adopted on November 23, 1993 (as amended and supplemented, the "Project 3 Electric Revenue Bond Resolution"), and Resolution No. 1562 adopted on May 16, 2008 (the "2008-F Supplemental Resolution") for the purpose of refunding indebtedness of Energy Northwest currently outstanding under the Project 3 Electric Revenue Bond Resolution.

Energy Northwest also has outstanding certain bonds relating to Project 3 issued pursuant to Resolution No. 775, adopted on December 3, 1975 (as amended and supplemented, the "Project 3 Prior Lien Resolution"). 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 Series 2008-F 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 SERIES 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

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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 Series 2008-F Bonds unless the context thereof clearly indicates that such information is only applicable to the Series 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 E 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 or restricts access to 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 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 95 percent of the 30-year average for Fiscal Year 2008 based on a June 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-27, "POWER SERVICES – Certain Statutes and Other Matters 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 last sentence in paragraph five:

On May 29, 2008, Bonneville issued its "Draft Record of Decision – 2008 Average System Cost Methodology" (the "Draft ASCM ROD") which contains Bonneville's draft average system cost methodology to be applied beginning in Fiscal Year 2009, and its proposed responses to the comments received by Bonneville during the consultative proceeding. The draft methodology adopts certain changes to the existing methodology that are designed to simplify and increase transparency in the administrative process used to calculate exchanging utilities' average system costs. In addition, the draft methodology allows exchanging utilities to include certain items in their average system cost submission that are excluded under the current methodology, including certain additional transmission investment related costs, return on equity, and Federal income taxes. Inclusion of these additional costs can be expected, all other things being equal, to increase exchanging utilities' average system costs. Whether increased average system costs would result in increased Residential Exchange Program benefit payments is uncertain until the Preference Exchange Rate is established for the applicable rate period. Following the close of public comment on the Draft ASCM ROD on June 12, 2008, Bonneville will issue a final record of decision, and file the final proposed methodology with the Federal Energy Regulatory Commission (FERC). Bonneville anticipates receiving interim approval of the new methodology from FERC in early September 2008.

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 Series 2008-F Bonds

The Series 2008-F Bonds are special revenue obligations of Energy Northwest issued pursuant to the Project 3 Electric Revenue Bond Resolution and the 2008-F Supplemental Resolution. The Series 2008-F 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 Series 2008-F 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 Project 3 Electric Revenue Bond Resolution 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 Project 3 Electric Revenue Bond Resolution. 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 Project 3 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 Project 3 Prior Lien Resolution.

The Series 2008-F Bonds are secured on a subordinated basis to the Project 3 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 Series 2008-F Bonds are secured only by the receipts, income and revenues derived from Project 3. Accordingly, the Owners of the Series 2008-F Bonds will have no claim on the receipts, income and revenues derived from Project 1 or Columbia. 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 SERIES 2008-F BONDS

General

See Exhibit A hereto for a list of definitions of certain terms from the 2008-F Supplemental Resolution used in this section of the Official Statement.

The Series 2008-F Bonds will be issued under a book-entry only system and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, which will act as securities

depository for the Series 2008-F Bonds. Principal or redemption price of and interest on the Series 2008-F Bonds are payable by The Bank of New York Trust Company, N.A., as Trustee and Paying Agent, to Cede & Co., so long as Cede & Co. is the Owner of the Series 2008-F Bonds, as nominee for DTC, which, in turn, is obligated to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. See Exhibit D—“BOOK-ENTRY SYSTEM”.

Both Subseries of the Series 2008-F Bonds will be dated the date of their initial delivery to the Underwriter and will be issued initially in the Weekly Mode. At the option of Energy Northwest and upon certain conditions provided in the 2008-F Supplemental Resolution, all or a portion of a Subseries of the Series 2008-F Bonds may be (a) converted or reconverted to or from the Daily Mode, Flexible Mode, Weekly Mode or Term Rate Mode, in which Modes the Interest Period is, respectively, one day, between one and 270 days, one week or 180 days or any period in excess thereof, or (b) converted to the Fixed Rate Mode. See “CONVERSION OF SERIES 2008-F BONDS TO OTHER INTEREST RATE MODES” below. The Series 2008-F Bonds will mature on July 1, 2018. Goldman, Sachs & Co. has been appointed as the Initial Remarketing Agent for the Series 2008-F Bonds.

While the Series 2008-F Bonds may, under certain circumstances, be converted to a Daily Mode, Flexible Mode, Term Rate Mode, or Fixed Rate Mode, this Official Statement describes the Series 2008-F Bonds only during the period in which they bear interest in the Daily Mode or the Weekly Mode, and only so long as the purchase of tendered Series 2008-F Bonds is supported by the Initial Liquidity Facility, as it might be extended. The Initial Liquidity Facility does not cover the tender of Series 2008-F Bonds in the Daily Mode and would need to be amended to provide such coverage. The Series 2008-F Bonds are subject to mandatory tender to the extent of any conversion of such Series 2008-F Bonds (except for conversions between the Weekly Mode and the Daily Mode). See “CONVERSION OF SERIES 2008-F BONDS TO OTHER INTEREST RATE MODES” and “MANDATORY TENDER FOR PURCHASE” below.

While in the Weekly Mode or the Daily Mode, interest on the Series 2008-F Bonds shall be payable on a monthly basis on the first Business Day of each month commencing on the first Business Date of July 2008, any Purchase Date, and on the maturity date of the Series 2008-F Bonds. Interest on the Series 2008-F Bonds shall be computed on the basis of a 365 or 366-day year, as applicable, for the actual number of days elapsed.

The record date for the payment of interest while a Series 2008-F Bond is in the Daily Mode or the Weekly Mode is the last Business Day before the date on which interest is to be paid.

While all or a portion of the Series 2008-F Bonds are in the Weekly Mode, a new interest rate for all such Series 2008-F Bonds of each Subseries shall be determined on the Rate Determination Date (initially each Tuesday, except as provided in the definition of “Rate Determination Date”), shall take effect on each Wednesday and shall be effective from and including such Wednesday to and including the immediately succeeding Tuesday. The Rate Determination Date for all Series 2008-F Bonds in the Weekly Mode shall be (i) initially, each Tuesday or, if Tuesday is not a Business Day, then the Business Day next succeeding such Tuesday, or such day as may be established for such Subseries under the 2008-F Supplemental Resolution, and (ii) not later than the Business Day prior to a Substitution Date, a Conversion Date from the Weekly Mode or a Mandatory Purchase Date described in clause (vii) under the heading “Mandatory Tender for Purchase.” In the case of a reconversion of all or a portion of a Subseries to the Weekly Mode, the Rate Determination Date shall be no later than the Business Day prior to the Conversion Date to the Weekly Mode and thereafter as described above.

While all or a portion of the Series 2008-F Bonds of a Subseries are in the Daily Mode, a new interest rate shall be determined by 10:00 a.m. on each Business Day effective from and including that day to but not including the next Business Day.

The Daily Rate and the Weekly Rate for each Interest Period shall be the rate of interest determined by the Remarketing Agent on and as of the applicable Rate Determination Date to be the minimum rate which in its opinion, under then-existing market conditions, would result in the sale of all the Series 2008-F Bonds of each Subseries then in the Weekly Mode or in the Daily Mode, as the case may be, at par plus accrued interest, if any. No Series 2008-F Bonds (other than Series 2008-F Bonds held by the Liquidity Provider) may bear interest at an interest rate higher than 12% per year.

If the Remarketing Agent fails or is unable to make such determination, the method by which the Remarketing Agent determines the interest rate is held to be unenforceable by a court of law of competent jurisdiction, or the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement, then the rate to take effect on the first day of any Interest Period shall be the Alternate Rate.

Subject to the provisions discussed under Exhibit D—“BOOK-ENTRY SYSTEM,” the Series 2008-F Bonds will be issued initially only as fully registered Series 2008-F Bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof while in the Weekly Mode or the Daily Mode. Notwithstanding the foregoing, while any Series 2008-F Bond is a Liquidity Provider Bond, such Series 2008-F Bond shall bear interest and be payable at the times and in the amounts required pursuant to the Initial Liquidity Facility. Principal or redemption price will be payable upon surrender of the Series 2008-F Bonds at the Principal Office of the Paying Agent. Interest on the Series 2008-F Bonds will be paid by wire transfer within the continental United States of immediately available funds from the Paying Agent to the Owner, determined as of the close of business on the applicable Record Date, at its address as shown on the registration books maintained by the Paying Agent.

Conversion of Series 2008-F Bonds to Other Interest Rate Modes

While all or a portion of the Series 2008-F Bonds are in the Weekly Mode or the Daily Mode, conversions of all or a portion of the Series 2008-F Bonds to any Interest Rate Mode other than a Weekly Mode or a Daily Mode may take place on any Business Day, upon not less than 20 days' prior written notice from the Tender Agent to the Owners of such Series 2008-F Bonds.

Upon such conversion or reconversion the Series 2008-F Bonds will be subject to mandatory tender for purchase (except conversion between the Weekly Mode and the Daily Mode) as described below under “Mandatory Tender for Purchase.” Each conversion of a Subseries 2008-F Bonds from one Interest Rate Mode to another Interest Rate Mode shall be subject to the conditions set forth in the 2008-F Supplemental Resolution. In addition, Energy Northwest may rescind any election to convert to another Interest Rate Mode up to 10:00 a.m. on the Business Day preceding the proposed conversion date. In the event that the conditions for a proposed conversion to a new Interest Rate Mode are not met or Energy Northwest rescinds the direction to convert, (i) such new Interest Rate Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Owners of such conversion, (ii) the Series 2008-F Bonds of such Subseries shall remain in their prior Interest Rate Mode, and (iii) the Series 2008-F Bonds of such Subseries shall be subject to mandatory tender for purchase as described below if notice has been sent to the Owners stating that the Series 2008-F Bonds of such Subseries would be subject to mandatory purchase on such date. In no event shall the failure of the Series 2008-F Bonds of a Subseries to be converted to another Interest Rate Mode be deemed to be a Default or an Event of Default.

Optional Tender

While the Series 2008-F Bonds are in the Weekly Mode or the Daily Mode, the Owners shall have the right to tender the Series 2008-F Bonds (or portions thereof) for purchase in the amount of \$100,000 or integral multiples of \$5,000 in excess thereof at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the Purchase Date (unless the Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not include accrued interest, which shall be paid in the normal course), upon compliance with the conditions described below. In order to exercise the right to tender, the Owners must deliver to the Tender Agent a written irrevocable notice of tender satisfactory to the Tender Agent and to the Remarketing Agent. If the Series 2008-F Bonds of a Subseries are in the Daily Mode, in order to exercise the right to tender, an Owner must give notice to the Tender Agent not later than 11:00 a.m., New York City time, on any Business Day stating that such Owner irrevocably elects to tender the Series 2008-F Bond of such Subseries (or specified portion thereof) and stating the name, address and taxpayer identification number of such Owner, the number of the Series 2008-F Bond, the principal amount being tendered, the date on which the Series 2008-F Bond of such Subseries is to be purchased and applicable payment instructions. If a Subseries of the Series 2008-F Bonds are in the Weekly Mode, the Series 2008-F Bonds of such Subseries will be purchased on the Business Day specified in such Tender Notice, provided such date is at least seven calendar days after receipt by the Tender Agent of such notice.

Notice of tender of the Series 2008-F Bonds is irrevocable. If the Owner of a Series 2008-F Bond has elected to require purchase as provided above, the Owner shall be deemed, by such election, to have agreed irrevocably to sell

such Series 2008-F Bond to any purchaser, on the date fixed for purchase at the Purchase Price. The Purchase Price of the Series 2008-F Bonds shall be paid to the Owners by the Paying Agent on the Purchase Date or any subsequent Business Day on which such Series 2008-F Bonds are delivered to the Tender Agent. From and after the Purchase Date, no further interest on the Series 2008-F Bonds shall be payable to the Owners who gave notice of tender for purchase, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price.

For so long as the Series 2008-F Bonds are registered in the name of Cede & Co., as nominee for DTC, the tender option rights of holders of Series 2008-F Bonds may be exercised only by DTC by giving notice of its election to tender Series 2008-F Bonds or portions thereof at the times and in the manner described above and delivery of Series 2008-F Bonds required to be tendered for purchase shall be effected by the transfer on the applicable Purchase Date of a book-entry credit to the account of the Tender Agent of a beneficial interest in such Series 2008-F Bonds. See Exhibit D—“BOOK-ENTRY SYSTEM.”

Mandatory Tender For Purchase

The Series 2008-F Bonds are subject to mandatory tender for purchase at the Purchase Price (unless the Mandatory Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not include accrued interest, which shall be paid in the normal course) (i) on any Conversion Date applicable to such Series 2008-F Bonds (except a change in Interest Rate Mode between the Weekly Mode and the Daily Mode), (ii) on any Substitution Date, (iii) on the fifth Business Day prior to the Expiration Date (other than an Automatic Termination Event), (iv) on the date selected by the Trustee following the occurrence of an event of default (other than an Automatic Termination Event) under any Reimbursement Agreement (including the Initial Liquidity Facility), which date shall be a Business Day not more than 25 and not less than 20 days after the Trustee’s receipt of notice of such event of default from the Credit Provider, if any, or the Liquidity Provider and in no event later than the day preceding the termination date specified by the Credit Provider or the Liquidity Provider, (v) the date specified by the Trustee following receipt of notice by the Trustee from the Credit Provider, if any, that the Credit Enhancement will not be reinstated following a drawing to pay interest on the Series 2008-F Bonds (other than interest on Series 2008-F Bonds no longer Outstanding after such drawing) which date shall be a Business Day not more than five days after the Trustees’ receipt of such notice and (vi) on any Business Day specified by Energy Northwest in a notice to the Trustee not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the Expiration Date. For information on the Expiration Date of the Initial Liquidity Facility, see “THE INITIAL LIQUIDITY FACILITY.” Notice of mandatory tender shall be given by the Tender Agent in writing to the Owners of the Series 2008-F Bonds subject to mandatory tender no less than 15 days prior to the Mandatory Purchase Date. From and after the Purchase Date, no further interest on such Series 2008-F Bonds shall be payable to the Owners thereof, provided that there are sufficient funds available on the Purchase Date to pay the purchase price.

Remarketing of Series 2008-F Bonds

The Remarketing Agent shall use its best efforts, subject to the terms and conditions of the Remarketing Agreement, to offer for sale at par:

- (i) all of the Series 2008-F Bonds or portions thereof as to which notice of optional tender has been given; and
- (ii) all of the Series 2008-F Bonds required to be purchased on a Mandatory Purchase Date described in clauses (i), (ii), (iii), (iv), (v), (vii) or (viii) of the definition thereof; and
- (iii) any Liquidity Provider Bonds.

On each date on which a Series 2008-F Bond is to be purchased, if the Remarketing Agent shall have given notice to the Tender Agent pursuant to the 2008-F Supplemental Resolution that it has been unable to remarket any of the Series 2008-F Bonds or if the Tender Agent has not received from the Remarketing Agent an amount sufficient to pay the Series 2008-F Bonds by the time the Tender Agent must draw on the Liquidity Facility, the Tender Agent shall direct the Trustee (if the two are separate entities) to draw on the Liquidity Facility in an amount equal to the Purchase Price of all such Series 2008-F Bonds that have not been successfully remarketed.

Unless there are insufficient funds to pay the Purchase Price of all tendered Series 2008-F Bonds, the Tender Agent shall purchase tendered Series 2008-F Bonds from the tendering Owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated, and none of Energy Northwest, the Tender Agent, the Trustee, the Paying Agent or the Remarketing Agent shall be obligated to provide funds from any other source:

(i) immediately available funds on deposit in the Remarketing Proceeds Account derived from the remarketing of tendered Series 2008-F Bonds; and

(ii) immediately available funds on deposit in the Liquidity Facility Purchase Account drawn under the Liquidity Facility.

If money sufficient to pay the Purchase Price of all tendered Series 2008-F Bonds to be purchased on any Purchase Date is not available, (1) no purchase shall be consummated on such Purchase Date; (2) all tendered Series 2008-F Bonds shall be returned to the holders thereof; and (3) all remarketing proceeds shall be returned to the Remarketing Agent for return to the persons providing such money. All Series 2008-F Bonds shall bear interest at the Unremarketed Bonds Rate during the period of time from and including the applicable Purchase Date to (but not including) the date that all such tendered Series 2008-F Bonds are successfully remarketed.

Draws on the Liquidity Facility

On each date on which a Series 2008-F Bond is to be purchased, the Trustee shall draw on any available Liquidity Facility in accordance with the terms thereof so as to receive thereunder an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Series 2008-F Bonds on such date, to enable the Trustee to pay the Purchase Price in connection therewith.

As provided in the Initial Liquidity Facility, under certain circumstances, the Initial Liquidity Provider is not required to purchase Series 2008-F Bonds that have not been successfully remarketed. See “THE INITIAL LIQUIDITY FACILITY” herein. In addition, in no event shall Energy Northwest or Bonneville be obligated to provide funds to pay the Purchase Price of tendered Series 2008-F Bonds.

Alternate Credit Enhancement and Alternate Liquidity Facility

No Credit Enhancement will be provided to secure or guarantee payment of the Series 2008-F Bonds when they are first issued. From time to time while the Series 2008-F Bonds remain Outstanding, upon delivery of a Favorable Opinion of Bond Counsel, Energy Northwest may elect, but has no obligation, to obtain Credit Enhancement for the Series 2008-F Bonds. The Initial Liquidity Facility will be provided initially for the Series 2008-F Bonds. See “THE INITIAL LIQUIDITY FACILITY.”

From time to time while the Series 2008-F Bonds remain Outstanding, upon delivery of a Favorable Opinion of Bond Counsel, Energy Northwest may elect to terminate the Initial Liquidity Facility with respect to some or all of the Series 2008-F Bonds without obtaining an Alternate Liquidity Facility.

The 2008-F Supplemental Resolution provides that, if at any time there shall have been delivered to the Trustee (i) an Alternate Credit Enhancement or an Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the provision for purchase from the Credit Provider or Liquidity Provider, as applicable, of all Liquidity Provider Bonds at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the Reimbursement Agreement(s) on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility, then the Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date. The Trustee

shall give notice of such proposed substitution by mail to the Beneficial Owners of the Series 2008-F Bonds no less than 20 days prior to the proposed Substitution Date. See “MANDATORY TENDER FOR PURCHASE” above.

Optional Redemption

The Series 2008-F Bonds in the Weekly Mode or the Daily Mode are subject to redemption at the option of Energy Northwest in whole or in part in Authorized Denominations on any Business Day at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption.

Mandatory Redemption

The Subseries 2008-F-1 Bonds are term bonds that will be redeemed (or paid at maturity) on July 1 in the years and amounts set forth below (to the extent that Energy Northwest has not otherwise redeemed or purchased such Subseries 2008-F-1 Bonds).

Subseries 2008-F-1 Term Bonds

Year	Amount
2017	\$ 63,565,000
2018*	40,850,000

* Maturity

Selection of Bonds to be Redeemed; Notice of Redemption

In the case of redemptions of Series 2008-F Bonds at the option of Energy Northwest, Energy Northwest will select the portions of the Series 2008-F Bonds to be redeemed. Notwithstanding anything to the contrary, Liquidity Provider Bonds shall be redeemed prior to the redemption of any other Series 2008-F Bonds. If less than all of the Series 2008-F Bonds are to be redeemed, the Paying Agent shall assign to each Outstanding Bond to be redeemed a distinctive number for each unit of the principal amount of such Series 2008-F Bond equal to the lowest denomination in which the Series 2008-F Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Series 2008-F Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which the Series 2008-F Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2008-F Bonds to be redeemed.

Any notice of optional redemption of the Series 2008-F Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2008-F Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Bondholders as promptly as practicable upon the failure of such condition or the occurrence of such other event.

When the Trustee shall have received notice from Energy Northwest that Series 2008-F Bonds are to be redeemed, the Trustee shall give notice, in the name of Energy Northwest, of the redemption of such Series 2008-F Bonds, which notice shall specify the Series 2008-F Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2008-F Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2008-F Bonds to be redeemed, if applicable, that such notice is conditional and the conditions that must be satisfied, and in the case of Series 2008-F Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed.

Such notice shall further state that on the redemption date there shall become due and payable upon each Series 2008-F Bond or portion thereof to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Series 2008-F Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no less than 15 days before the redemption date, to the Owners of any Series 2008-F Bonds or portions of Series 2008-F Bonds that are to be redeemed, at their last address, if any appearing upon the registry books.

TRUSTEE, TENDER AGENT AND PAYING AGENT

The Bank of New York Trust Company, N.A., will serve as Trustee, Tender Agent and Paying Agent for the 2008-F Bonds. As Paying Agent and Tender Agent, the Trustee will, among other duties, hold all Series 2008-F Bonds delivered to it for purchase, receive notice of optional tenders of the Series 2008-F Bonds and maintain certain accounts for payment of the Series 2008-F Bonds as set forth in the 2008-F Supplemental Resolution. The 2008-F Supplemental Resolution permits Energy Northwest to appoint a separate Tender Agent and a different or additional Paying Agent.

THE INITIAL LIQUIDITY FACILITY

General

The Initial Liquidity Facility is a Standby Bond Purchase Agreement among Energy Northwest, the Trustee, and Dexia Crédit Local, acting through its New York Branch, as Initial Liquidity Provider. The following description is a summary of certain provisions of the Initial Liquidity Facility being delivered in connection with the issuance of the Series 2008-F Bonds. Such summary does not purport to be a complete description or restatement of the material provisions of the Initial Liquidity Facility. Investors should obtain and review a copy of the Initial Liquidity Facility in order to understand all of the terms of that document.

The Initial Liquidity Facility provides that the Initial Liquidity Provider shall purchase those Series 2008-F Bonds in the Weekly Mode tendered or deemed tendered from time to time pursuant to an optional or mandatory tender by Owners thereof in accordance with the terms of the Project 3 Electric Revenue Bond Resolution as amended and supplemented by the 2008-F Supplemental Resolution (collectively, the "Resolution"), in each case, to the extent such Series 2008-F Bonds are not remarketed by the Remarketing Agent. The Initial Liquidity Facility will expire on June 17, 2011, unless extended or terminated pursuant to its terms. See "TERM OF THE INITIAL LIQUIDITY FACILITY" below.

Under certain circumstances described below, the obligation of the Initial Liquidity Provider to purchase Series 2008-F Bonds tendered or deemed tendered by the Owners thereof pursuant to an optional or mandatory tender may be immediately and automatically suspended or terminated. In such event, sufficient funds may not be available to purchase Series 2008-F Bonds tendered or deemed tendered by the Owners thereof pursuant to an optional or mandatory tender. In addition, the Initial Liquidity Facility does not provide security for the payment of principal of or interest or premium, if any, on the Series 2008-F Bonds.

Purchase of Tendered Series 2008-F Bonds by the Initial Liquidity Provider

The Initial Liquidity Provider will purchase from time to time during the period prior to the expiration or earlier termination of the Initial Liquidity Facility, Eligible Bonds (as defined in the Initial Liquidity Facility) in the Weekly Mode, tendered or deemed tendered from time to time during the period from and including June 17, 2008, to and including June 17, 2011 (unless earlier terminated pursuant to the terms of the Initial Liquidity Facility) pursuant to an optional or mandatory tender by Owners thereof in accordance with the terms and provisions of the Resolution, in each case, to the extent such Series 2008-F Bonds are not remarketed in accordance with the terms and provisions of the Remarketing Agreement. The price to be paid by the Initial Liquidity Provider for Series 2008-F Bonds will be equal to the aggregate principal amount of each such Series 2008-F Bond, provided that the aggregate principal amount of all Series 2008-F Bonds so purchased shall not exceed the Available Principal Commitment (as defined in the Initial Liquidity Facility), plus the lesser of (i) the Available Interest Commitment (as defined in the Initial Liquidity Facility) and (ii) interest accrued thereon to but excluding the date of such purchase.

Events of Default

The following events, among others, constitute Events of Default under the Initial Liquidity Facility. Reference is made to the Initial Liquidity Facility for a complete listing of all Events of Default.

(a) Energy Northwest shall fail to pay when due any scheduled payment of principal of, or interest on, any Series 2008-F Bond or Liquidity Provider Bond (as defined in the Initial Liquidity Facility) or certain other scheduled payments pursuant to certain provisions of the Initial Liquidity Facility; or

(b) Energy Northwest shall fail to pay any other amount payable by it under the Initial Liquidity Facility (not otherwise referred to in paragraph (a) under this “EVENTS OF DEFAULT” subheading), and such failure to pay shall continue for five days after the same shall have become due; or

(c) Any material representation or warranty made by or on behalf of Energy Northwest to the Initial Liquidity Provider in the Initial Liquidity Facility, a Related Document (as defined in the Initial Liquidity Facility) or in any certificate or statement delivered under the Initial Liquidity Facility shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) Energy Northwest shall default in the due performance or observance of certain covenants set forth in the Initial Liquidity Facility; or

(e) Energy Northwest shall default in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in the Initial Liquidity Facility (other than those referred to in paragraphs (a), (b), (c) or (d) under this “EVENTS OF DEFAULT” subheading) and such default shall remain unremedied for a period of 30 days or more; or

(f) Energy Northwest shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) the principal of or interest on any indebtedness of Energy Northwest secured by or payable from the Project 3 Revenues (as defined in the Initial Liquidity Facility) that ranks senior to or on a parity with the Series 2008-F Bonds, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, contract or instrument providing for the creation of or concerning such indebtedness, or pursuant to the provisions of any such resolution, contract or instrument, the maturity of any such indebtedness, as a result of the occurrence of a default in the payment of principal or interest by Energy Northwest on any indebtedness of Energy Northwest secured by or payable from the Project 3 Revenues that ranks senior to or on a parity with the Series 2008-F Bonds, shall be accelerated; or

(g) (i) Energy Northwest shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or Energy Northwest shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Energy Northwest any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against Energy Northwest, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) Energy Northwest shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) Energy Northwest shall generally not, or shall be unable to, or so admit in writing its inability to, pay its Debts; or (vi) Energy Northwest or the State of Washington or any Governmental Authority (as defined in the Initial Liquidity Facility) having jurisdiction over Energy Northwest imposes a debt moratorium, debt restructuring or comparable extraordinary restriction on repayment when due and payable of the principal of or interest on any Debt of Energy Northwest secured by the Project 3 Revenues; or

(h) Any “Event of Default” under the Project 3 Electric Revenue Bond Resolution and the 2008-F Supplemental Resolution or any “Event of Default” that is not cured within any applicable cure period under any of the other Related Documents shall occur; or

(i) (i) Any provision of the Initial Liquidity Facility, the Series 2008-F Bonds, the Project 3 Electric Revenue Bond Resolution or the 2008-F Supplemental Resolution related to the payment of principal of or interest on Series 2008-F Bonds or Liquidity Provider Bonds or the pledge of and lien on the Project 3 Revenues or any amounts held in the Debt Service Fund (as defined in the Initial Liquidity Facility), if any, shall at any time for any reason cease to be valid and binding or fully enforceable against Energy Northwest as determined by any court or Governmental Authority having appropriate jurisdiction in a final nonappealable judgment, or (ii)(a) the validity or enforceability of any provision of the Initial Liquidity Facility, the Series 2008-F Bonds, the Project 3 Electric Revenue Bond Resolution or the 2008-F Supplemental Resolution related to the payment of principal of or interest on Series 2008-F Bonds or Liquidity Provider Bonds or the pledge of and lien on the Project 3 Revenues or any amounts held in the Debt Service Fund, if any, shall be publicly contested or contested in writing by an Authorized Officer (as defined in the Initial Liquidity Facility) of Energy Northwest or (b) any Governmental Authority having appropriate jurisdiction over Energy Northwest shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which contests the validity or enforceability of any provision of the Initial Liquidity Facility, the Series 2008-F Bonds, the Project 3 Electric Revenue Bond Resolution or the 2008-F Supplemental Resolution related to the payment of principal or interest on Series 2008-F Bonds or Liquidity Provider Bonds or the pledge of and lien on the Project 3 Revenues or any amounts held in the Debt Service Fund, if any, or (c) Energy Northwest shall deny that it has any or further liability or obligation under the Initial Liquidity Facility, the Series 2008-F Bonds, the Project 3 Electric Revenue Bond Resolution or the 2008-F Supplemental Resolution or (iii) any material provision of the Initial Liquidity Facility, the Series 2008-F Bonds, the Project 3 Electric Revenue Bond Resolution or the 2008-F Supplemental Resolution, other than a provision described in clause (i) and (ii) of this paragraph (i), shall at any time for any reason cease to be valid and binding on Energy Northwest, or shall be declared in a final nonappealable judgment by any court having jurisdiction over Energy Northwest to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by Energy Northwest; or

(j) (i) The long-term unenhanced rating by Moody’s, Fitch and S&P on any Debt of Energy Northwest secured by or payable from the Project 3 Revenues that ranks senior to or on a parity with the Series 2008-F Bonds is reduced below “A3” (or its equivalent), “A-” (or its equivalent) and “A-” (or its equivalent), respectively or (ii) the long-term unenhanced rating by Moody’s, Fitch and S&P on any Debt of Energy Northwest secured by or payable from the Project 3 Revenues that ranks senior to or on a parity with the Series 2008-F Bonds shall be withdrawn or suspended for credit-related reasons or reduced below “Baa3” (or its equivalent), “BBB-” (or its equivalent) and “BBB-” (or its equivalent), respectively; or

(k) (i) A final, nonappealable judgment or order for the payment of money in excess of \$10,000,000 in the aggregate or (ii) two or more final, nonappealable judgments or orders for the payment of money in excess of \$20,000,000 in the aggregate, in either case, payable from the Project 3 Revenues shall be rendered against Energy Northwest with respect to which, in the reasonable opinion of the Initial Liquidity Provider, adequate cash reserves have not been established, or other means of satisfying or otherwise funding the judgment have not been undertaken, satisfactory to the Initial Liquidity Provider and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days; or

(l) Failure to redeem the 1998-3A Refunded Bonds by July 7, 2008. See “PURPOSE OF ISSUANCE” herein.

Remedies

The following are remedies available to the Initial Liquidity Provider under the Initial Liquidity Facility upon the occurrence of certain Events of Default thereunder:

(a) Upon the occurrence of an Event of Default as specified under paragraph (a) under the above “EVENTS OF DEFAULT” subheading (but only so long as the Event of Default under paragraph (a) under the above “EVENTS OF DEFAULT” subheading did not result solely from an acceleration of the Liquidity Provider

Bonds by the Initial Liquidity Provider pursuant to the terms described in this paragraph (a)), paragraphs (f), (g), (i)(i), (j)(ii) or (k) under the above “EVENTS OF DEFAULT” subheading (each, a “Special Event of Default”), the Available Commitment shall immediately be reduced to zero, in which case the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility shall immediately terminate and expire without the requirement of notice by the Initial Liquidity Provider and, by notice to Energy Northwest and the Trustee (so long as an Event of Default shall have occurred under Section 801 of the Resolution and either the Trustee or the owners of not less than 25% in principal amount of all Bonds then outstanding have accelerated the Bonds pursuant to Section 801 of the Resolution), the Initial Liquidity Provider may declare the principal and interest on any Initial Liquidity Provider Bonds and all Obligations (as defined in the Initial Liquidity Facility) to be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by Energy Northwest. After such termination or expiration, the Initial Liquidity Provider shall deliver, within two Business Days, to Energy Northwest, the Trustee and the Remarketing Agent written notice of such termination or expiration; provided, however, that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

(b) Upon the occurrence of an Event of Default as specified under paragraph (i)(ii) under the above “EVENTS OF DEFAULT” subheading, the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility shall be immediately and automatically suspended from the time of the occurrence of such Event of Default, and in the event any provision of the Initial Liquidity Facility, the Series 2008-F Bonds or the Resolution relating to the ability or obligation of Energy Northwest to make payments of principal or interest in the Series 2008-F Bonds (including Liquidity Provider Bonds) is declared to be null and void, or it is determined that Energy Northwest has no liability under the Initial Liquidity Facility or any of the other Related Documents, in either case, by a court or other Governmental Authority with competent jurisdiction, then the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility will terminate in accordance with paragraph (a) of this “REMEDIES” subheading; provided, however, that if such provisions are upheld in their entirety, then the Initial Liquidity Provider’s obligations under the Initial Liquidity Facility shall be automatically reinstated and the terms of the Initial Liquidity Facility will continue in full force and effect (unless the Initial Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. If the Event of Default which gave rise to the suspension of the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility has not been cured or does not cease to exist prior to the three year anniversary of such occurrence, the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility shall be terminated upon written notice from the Initial Liquidity Provider, to Energy Northwest, and thereafter the Initial Liquidity Provider shall have no further obligations under the Initial Liquidity Facility.

(c) Upon the occurrence of a Default (as defined in the Initial Liquidity Facility) described in paragraphs (g)(ii) or (g)(iii) under the above “EVENTS OF DEFAULT” subheading, the obligation of the Initial Liquidity Provider to purchase Series 2008-F Bonds under the Initial Liquidity Facility shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated, the obligations of the Initial Liquidity Provider to purchase Series 2008-F Bonds under the Initial Liquidity Facility shall be reinstated and the terms of the Initial Liquidity Facility will continue in full force and effect (unless the obligations of the Initial Liquidity Provider to purchase Series 2008-F Bonds under the Initial Liquidity Facility shall have otherwise terminated in accordance with the terms of the Initial Liquidity Facility) as if there had been no such suspension.

(d) In the case of any Event of Default, the Initial Liquidity Provider may give written notice of such Event of Default and termination of the Initial Liquidity Facility (a “Notice of Termination of Commitment to Purchase”) to the Trustee, Energy Northwest and the Remarketing Agent directing a mandatory tender of the Series 2008-F Bonds pursuant to the 2008-F Supplemental Resolution. The obligation of the Initial Liquidity Provider to purchase Series 2008-F Bonds shall terminate on the 30th day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination of Commitment to Purchase is received by the Trustee and on such date the Available Commitment shall terminate and the Initial Liquidity Provider shall be under no obligation under the Initial Liquidity Facility to purchase Series 2008-F Bonds.

(e) In addition to the rights and remedies set forth in paragraphs (a), (b), (c) and (d) under this “REMEDIES” subheading, upon the occurrence of any Event of Default, the Initial Liquidity Provider shall have all remedies provided at law or equity, including, without limitation, specific performance; provided, however, (i) the

Initial Liquidity Provider agrees to purchase Series 2008-F Bonds on the terms and conditions of the Initial Liquidity Facility notwithstanding the occurrence of an Event of Default which does not suspend or terminate its obligation to purchase Series 2008-F Bonds under paragraphs (a), (b), (c) and (d) under this “REMEDIES” subheading.

Term of the Initial Liquidity Facility

For purposes of purchasing Series 2008-F Bonds in the Weekly Mode to the extent allowed thereunder, the term of the Initial Liquidity Facility will be until the last day of the Commitment Period. For all other purposes, the agreement will not terminate until all sums payable to the Initial Liquidity Provider or any holder of Liquidity Provider Bonds pursuant to the Initial Liquidity Facility have been paid in full when the Available Commitment has expired and no Liquidity Provider Bond remains Outstanding. The Commitment Period, with respect to any Series 2008-F Bond, ends on the earliest of (a) the Scheduled Termination Date, which is June 17, 2011, but may be extended at the Initial Liquidity Provider’s sole discretion pursuant to the terms of the Initial Liquidity Facility; (b) the date on which the Series 2008-F Bond ceases to be Outstanding; (c) the close of business on the Business Day immediately succeeding the Conversion Date for that Series 2008-F Bond, (d) the close of business on the 30th day following the date on which a Notice of Termination of Commitment to Purchase is received by Energy Northwest and the Trustee for that Series 2008-F Bond, or if such day is not a Business Day, the next following Business Day, (e) the close of business on the Business Day immediately succeeding the Substitution Date; and (f) the date on which the Available Commitment is reduced to zero or terminated in its entirety and the Initial Liquidity Provider is no longer obligated to purchase Series 2008-F Bonds.

Miscellaneous

Under the Initial Liquidity Facility, Energy Northwest agrees to make certain fee payments to the Initial Liquidity Provider, and the agreement contains certain customary representations by Energy Northwest as well as both affirmative and negative covenants binding on Energy Northwest, including, without limitation, informational covenants, and a covenant not to amend certain documents (including but not limited to the 2008-F Supplemental Resolution) without the Initial Liquidity Provider’s consent.

Limitations of Initial Liquidity Facility

The ability to force or obtain any payment under the Initial Liquidity Facility or any Alternate Liquidity Facility upon any default under the Initial Liquidity Facility or Alternate Liquidity Facility will depend upon the exercise of various remedies specified in the relevant document as restricted by federal, state and local law. Federal or state bankruptcy, conservatorship, receivership and similar laws governing financial institutions or any issuer of an Alternate Liquidity Facility may have an adverse effect on or eliminate the ability to enforce or obtain any payment under the Initial Liquidity Facility or any Alternate Liquidity Facility. To the extent the ratings on the Series 2008-F Bonds depend in any manner on the rating of the Initial Liquidity Provider or of the issuer of any Alternate Liquidity Facility, the ratings on the Series 2008-F Bonds could be downgraded if such entities were to encounter financial difficulties or were to refuse to perform under the Initial Liquidity Facility or Alternate Liquidity Facility.

Although the Initial Liquidity Facility is available and intended for purchase of tendered but unremarketed Series 2008-F Bonds in the Weekly Mode, it has not been assigned as security to Owners of the Series 2008-F Bonds. The rights of Energy Northwest under the Initial Liquidity Facility including, but not limited to, the right to enforce the Initial Liquidity Provider’s obligation to pay the Tender Agent and Paying Agent the principal of and accrued interest, if any, on the Series 2008-F Bonds in the Weekly Mode tendered for purchase, have not been assigned to any person for the benefit of Owners. No person, other than Energy Northwest or the Trustee, has any contractual right to seek enforcement of the Initial Liquidity Facility.

The Initial Liquidity Facility is a general contract and is not a letter of credit. Purchasers of the Series 2008-F Bonds should consult their legal counsel for an explanation of the differences between a general contract and letter of credit. The following is included as a summary of selected differences and does not purport to be complete or definitive.

In general, a letter of credit is an independent, special contract by a bank to pay a third party such as a bond trustee holding the letter of credit for the benefit of owners of bonds. Banks are required by law to honor their letters of

credit except in specified circumstances. If a dispute were to develop between the bank and its borrower, except in limited circumstances, the dispute should not jeopardize payment under the letter of credit because (a) the letter of credit would be independent of the disputed contract between the borrower and the bank, and (b) the beneficiary of the letter of credit (typically, the bond trustee) would have direct rights under the letter of credit. Further, and although there are defenses to payment of letters of credit, such defenses are limited by law to specified circumstances.

In contrast, the Initial Liquidity Facility is a general contract only among the Initial Liquidity Provider, Energy Northwest and the Trustee. No law expressly requires performance of the contract, although the nonbreaching party would be entitled to allowable damages if there were a breach of the contract. Although the Trustee is authorized to draw funds in accordance with the Initial Liquidity Facility, the Initial Liquidity Provider has no independent obligation to that agent. If a dispute were to develop between the Initial Liquidity Provider and Energy Northwest, the Initial Liquidity Provider will have all defenses allowed by law or in equity to its payment under or other performance of the Initial Liquidity Facility, including but not limited to disputes (whether valid or not) regarding the authority of either party to enter into or perform the Initial Liquidity Facility. More of such defenses are allowed by laws regarding contracts than by laws regarding letters of credit.

The Initial Liquidity Provider or Energy Northwest may seek to have any future dispute resolved in court and appealed to final judgment before it performs under the Initial Liquidity Facility. Further, even if Energy Northwest were to prevail against the Initial Liquidity Provider, a court would not necessarily order the Initial Liquidity Provider to perform the agreement—it could instead award damages for breach of contract to Energy Northwest. Any such award, which would not necessarily be in an amount sufficient to pay the Purchase Price of the Series 2008-F Bonds, would be the property of Energy Northwest, not the property of the Owners of the Series 2008-F Bonds.

Because the Trustee's right to draw is part of the Initial Liquidity Facility, repudiation or other termination of the agreement, amendment of the agreement by the Initial Liquidity Provider and Energy Northwest, or contractual disputes between those parties are examples of the types of events that could affect, delay or eliminate the ability of the Trustee to draw on the Initial Liquidity Facility to obtain money to purchase the Series 2008-F Bonds.

THE INITIAL LIQUIDITY PROVIDER

The Initial Liquidity Provider for the Series 2008-F Bonds is Dexia Crédit Local ("Dexia"). Dexia is a subsidiary of the Dexia Group, which was created in 1996. The Dexia Group is a major European banking organization that is the product of several cross-border mergers. Dexia is an authentically European bank in terms of both its management organization and the scope of its different lines of business. The Dexia Group is listed on the Brussels, Paris and Luxembourg stock exchanges. With a stock market capitalization of over 24 billion euros as of December 31, 2007, the Dexia Group ranks in the top third of the Euronext 100 companies.

Dexia specializes in the Dexia Group's first line of business – public and project finance and financial services for the public sector. Dexia has recognized expertise in local public sector financing and project finance. It is backed by a network of specialized banks, which employ over 3,500 professionals. Through this network of subsidiaries, affiliates and branches, Dexia is present in almost all of the countries of the European Union as well as Central Europe, the United States of America and Canada. Dexia also has operations in Latin America, the Asian-Pacific Region including Australia, and the countries around the Mediterranean.

Dexia is a bank with its principal office located in La Défense, France. In issuing the facility, Dexia will act through its New York Branch, which is licensed by the Banking Department of the State of New York as an unincorporated branch of Dexia Crédit Local, Paris. Dexia is the leading local authority lender in Europe, funding its lending activities in 2007 primarily through the issuance of euro and U.S. dollar-denominated bonds. In 2007, total funding raised by Dexia and Dexia Municipal Agency was 18.2 billion euros.

The Dexia Group is the owner of Financial Security Assurance Holdings Ltd. ("FSA Holdings"), the holding company for Financial Security Assurance Inc., a leading financial guaranty insurer.

As of December 31, 2007, Dexia had total consolidated assets of 345 billion euros, outstanding medium and long-term loans to customers of 285.1 billion euros and shareholders' equity of over 6.29 billion euros (Tier I plus Tier II), and for the year then ended had consolidated net income of 991 billion euros. These figures were determined in accordance with generally accepted accounting principles in France. Dexia maintains its records and prepares its financial statements in euros. At December 31, 2007, the exchange rate was 1.0000 euro equals 1.4721 United States dollar. Such exchange rate fluctuates from time to time.

Dexia is rated Aa1 long-term and P-1 short-term by Moody's, AA long-term and A-1+ short-term by S&P, and AA+ long-term and F1+ short-term by Fitch.

Dexia will provide without charge a copy of its most recent publicly available annual report. Written requests should be directed to: Dexia Crédit Local, New York Branch, 445 Park Avenue, 8th Floor, New York, New York 10022, Attention: General Manager. The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date.

PRACTICES AND PROCEDURES OF THE INITIAL REMARKETING AGENT

The information under this caption has been provided by the Initial Remarketing Agent for inclusion in this Official Statement. No representation is made by Energy Northwest as to the accuracy, completeness or adequacy of such information.

The Remarketing Agent is Paid by Energy Northwest

The Remarketing Agent's responsibilities include determining the interest rates borne by the Series 2008-F Bonds (or beneficial ownership interests therein) from time to time and remarketing Series 2008-F Bonds (or beneficial ownership interests therein) that are optionally or mandatorily tendered by the Beneficial Owners thereof (subject, in each case, to the terms of the 2008-F Supplemental Resolution and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by Energy Northwest and paid by Energy Northwest for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Beneficial Owners and potential purchasers of Series 2008-F Bonds.

The Initial Remarketing Agent Routinely Purchases Bonds for its Own Account

The Initial Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account to achieve a successful remarketing of such obligations (*i.e.*, because there otherwise are not enough buyers to purchase such obligations) or for other reasons. The Initial Remarketing Agent is permitted, but not obligated, in its sole discretion, to purchase tendered Series 2008-F Bonds for its own account. However, the Initial Remarketing Agent is not obligated to purchase Series 2008-F Bonds, and may cease doing so at any time without notice. The Initial Remarketing Agent also may make a market in the Series 2008-F Bonds by routinely purchasing and selling the Series 2008-F Bonds other than in connection with an optional or mandatory tender and remarketing. Such other purchases and sales may be at prices above, at or below par. However, the Initial Remarketing Agent is not required to make a market in the Series 2008-F Bonds. The Initial Remarketing Agent may also sell any Series 2008-F Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others to reduce its exposure to the Series 2008-F Bonds. The purchase of Series 2008-F Bonds by the Initial Remarketing Agent may create the appearance that there is greater third-party demand for the Series 2008-F Bonds in the market than actually is the case.

Series 2008-F Bonds May be Offered at Different Prices on any Date Including a Rate Determination Date

Pursuant to the 2008-F Supplemental Resolution and the Remarketing Agreement with the Initial Remarketing Agent, on each Rate Determination Date, the Initial Remarketing Agent is required to determine the Weekly Rate or Daily Rate, as applicable, with respect to any Series 2008-F Bonds in the Weekly Mode and in the Daily Mode, as applicable, which in each case shall be the rate of interest that, in the Initial Remarketing Agent's judgment, is the minimum interest rate necessary to be borne by the Series 2008-F Bonds (or beneficial ownership interests therein) for the relevant Interest Period to enable the Initial Remarketing Agent to remarket such Series 2008-F Bonds (or

beneficial ownership interests therein) on the applicable Rate Determination Date at a price (without regard to accrued interest) equal to the Purchase Price thereof; *provided, however*, that in no event shall any rate so determined exceed the Maximum Bond Interest Rate. The interest rate will reflect, among other factors, the level of market demand for the Series 2008-F Bonds (including whether the Initial Remarketing Agent is willing to purchase such Series 2008-F Bonds for its own account). There may or may not be Series 2008-F Bonds tendered and remarketed on the applicable Rate Determination Date, and the Initial Remarketing Agent may or may not be able to remarket any Series 2008-F Bonds tendered for purchase on such date. The Initial Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all the Series 2008-F Bonds at the remarketing price. In the event the Initial Remarketing Agent owns any Series 2008-F Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2008-F Bonds on any date, including the applicable Rate Determination Date, at a discount or at a premium to the Purchase Price to some or all investors.

The Ability to Sell the Series 2008-F Bonds Other Than Through the Tender Process May be Limited

The Initial Remarketing Agent may buy and sell Series 2008-F Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Owners that wish to tender their Series 2008-F Bonds (or beneficial ownership interests therein) to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2008-F Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell such Series 2008-F Bonds other than by tendering such Series 2008-F Bonds (or beneficial ownership interests therein) in accordance with the tender process.

Under Certain Circumstances, the Initial Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2008-F Bonds, Without a Successor Being Named

Under certain circumstances the Initial Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the 2008-F Supplemental Resolution and the Initial Remarketing Agreement. In the event that the Initial Remarketing Agent is removed or resigns without a successor having been named or the Initial Remarketing Agent ceases its remarketing efforts as aforesaid, the only source of funds for payment of the Purchase Price of Series 2008-F Bonds (or beneficial ownership interests therein) tendered or deemed tendered for purchase would be amounts drawn under the Initial Liquidity Facility. In addition, if for any reason the Initial Remarketing Agent fails to determine the Weekly Rate or Daily Rate for a Series 2008-F Bond (or beneficial ownership interest therein) on the applicable Rate Determination Date, such Series 2008-F Bond (or beneficial ownership interest therein) shall bear interest at the Alternate Rate.

PURPOSE OF ISSUANCE

The Series 2008-F Bonds are being issued for the purpose of refunding \$108,430,000 aggregate principal amount of the Project 3 Electric Revenue Refunding Bonds, Series 1998-3A (the “1998-3A Refunded Bonds”) and \$100,400,000 aggregate principal amount of the Project 3 Electric Revenue Refunding Bonds, Series 2003-D-3-2 (the “2003-D Refunded Bonds,” and together with the 1998-3A Refunded Bonds, the “Refunded Bonds”).

Proceeds of the Series 2008-F Bonds and other available amounts will be used (i) to pay and redeem the 2003-D Refunded Bonds on the date of issuance of the Series 2008-F Bonds and (ii) to purchase certain investment securities permitted by the Resolutions (the “Investment Securities”), maturing in such amounts and at such times as shall be sufficient to pay the redemption price of all of the 1998-3A Refunded Bonds and to pay a portion of the interest on the 1998-3A Refunded Bonds. Concurrently with such purchase of Investment Securities, Energy Northwest shall deposit such Investment Securities in a separate trust fund established with Deutsche Bank Trust Company Americas, as Bond Fund Trustee for the 1998-3A Refunded Bonds, pursuant to an escrow agreement between Energy Northwest and Deutsche Bank.

Refunded Bonds

Project	Series	Amount	Maturity (July 1)	Interest Rate	Redemption Date	Redemption Price
3	1998-3A	\$ 108,430,000	2018	VR	July 2, 2008	100%
3	2003-D-3-2	\$ 100,400,000	2018	VR	Closing Date	100%

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS:

Principal of Series 2008-F Bonds	\$ 208,830,000
Energy Northwest contribution (estimated)*	<u>739,670</u>
Total	\$ 209,569,670

USES OF FUNDS:

Deposit with escrow agent for 1998-3A Refunded Bonds	\$ 100,400,000
Apply to redemption of 2003-D Refunded Bonds	108,430,000
Costs of Issuance (estimated)**	<u>739,670</u>
Total.....	\$ 209,569,670

* Energy Northwest’s contribution will include a portion of the proceeds of its Project 3 Electric Revenue Refunding Bonds, Series 2008-E (Taxable), issued on May 28, 2008, together with investment earnings thereon.

** Includes Underwriter’s compensation.

LEGAL MATTERS

The approving opinion of K&L Preston Gates Ellis LLP, Bond Counsel to Energy Northwest, as to the legality of the Series 2008-F Bonds will be in substantially the form appended hereto in Exhibit B—“PROPOSED FORM OF OPINION OF BOND COUNSEL.” The opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to Bonneville, as to the exclusion of the interest on the Series 2008-F Bonds from the gross income of the owners thereof for federal income tax purposes will be in substantially the form appended hereto in Exhibit C—“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 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 Underwriter by Fulbright & Jaworski L.L.P., New York, New York, Counsel to the Underwriter.

TAX MATTERS

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-F 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-F 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-F 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 C—“PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL.”

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-F 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-F 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-F 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-F 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-F 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-F 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 or the 1954 Code, or 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-F 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. 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-F 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-F Bonds ends with the issuance of the Series 2008-F 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-F 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-F 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-F Bonds, and may cause Energy Northwest, Bonneville or the Beneficial Owners to incur significant expense.

RATINGS

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch, Inc. ("Fitch") have assigned the Series 2008-F Bonds long-term ratings of AA- and AA-, respectively, and short-term ratings (based on the provision of the Initial Liquidity Facility by the Initial Liquidity Provider) of A-1+ and F1+, respectively. A long-term rating of Aaa and short-term rating of VMIG-1 are expected from Moody's Investors Service ("Moody's"). 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 Series 2008-F 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 Series 2008-F Bonds.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Series 2008-F Bonds from Energy Northwest and to make a bona fide public offering of such Series 2008-F Bonds at par. Underwriter's compensation under the bond purchase contract for the Series 2008-F Bonds is \$253,839.55. The Underwriter's obligations are subject to certain conditions precedent contained in the bond purchase contract, and it will be obligated to purchase all of the Series 2008-F Bonds if any Series 2008-F Bonds are purchased.

CONTINUING DISCLOSURE

Energy Northwest and Bonneville will enter into a Continuing Disclosure Agreement, to be dated the date of delivery of the Series 2008-F Bonds, for the benefit of the owners and beneficial owners of the Series 2008-F Bonds, to provide certain financial information and operating data relating to Energy Northwest (the "Energy Northwest Annual Information"), certain financial information and operating data relating to Bonneville (the "Bonneville Annual Information" and, together with Energy Northwest Annual Information, the "Annual Information") and to provide notices of the occurrence of certain enumerated events with respect to the Series 2008-F Bonds, if material. Energy Northwest Annual Information is to be provided not later than December 31 of each year, commencing December 31, 2008. The Bonneville Annual Information is to be provided not later than March 31 of each year, commencing March 31, 2009. The Annual Information will be filed with each Nationally Recognized Municipal Securities Information Repository (the "NRMSIRs") (or provided to a transmitting entity approved by the SEC) and with the State Depository for the State of Washington, if such State Depository exists (the "State Depository"). At this time, there is no State Depository for the State of Washington. Notices of aforesaid enumerated events will be filed by Energy Northwest with the NRMSIRs or the Municipal Securities Rulemaking Board (the "MSRB") and with the State Depository. Energy Northwest and Bonneville have complied with all previous undertakings with respect to Rule 15c2-12. The nature of the information to be provided in the Annual Information and the notices of such material events is set forth in Appendix J—"SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENTS" in the 2008-A/B/C Official Statement.

CERTAIN DEFINITIONS FROM THE 2008-F SUPPLEMENTAL RESOLUTION

These summaries of definitions from the 2008-F Supplemental Resolution are not complete and are intended to reflect information and terminology that relate solely to Series 2008-F Bonds in the Weekly Mode or Daily Mode.

“Alternate Credit Enhancement” or “Alternate Liquidity Facility” means a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security or liquidity instrument, as the case may be, issued in accordance with the terms of the 2008-F Supplemental Resolution as a replacement or substitute for any Credit Enhancement or Liquidity Facility, as applicable, then in effect.

“Alternate Rate” means, on any Rate Determination Date, for any Interest Rate Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The Trustee shall make the determinations required by this definition, upon notification from Energy Northwest, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement; provided, however, that if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is available, Energy Northwest shall designate in writing the index for the Trustee to use.

“Automatic Termination Event” means an event of default set forth in a Reimbursement Agreement (including the Initial Liquidity Facility) among Energy Northwest, the Trustee and the Liquidity Provider that would result in the automatic and immediate termination or suspension of the Liquidity Facility prior to its stated expiration date without prior notice from the Liquidity Provider to the Tender Agent, other than a termination upon the substitution of an Alternate Liquidity Facility.

“Beneficial Owner” means so long as the Series 2008-F Bonds are held in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Series 2008-F Bond held by the Securities Depository.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys selected by Energy Northwest and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for Federal income tax purposes.

“Business Day” means any business day other than (i) a Saturday or Sunday or (ii) a day on which the Trustee, Paying Agent, or the Remarketing Agent, if any, are required or authorized to be closed or (iii) a day on which the office of the Credit Provider or Liquidity Provider at which it will pay draws or advances are required or authorized to be closed, or (iv) a day on which The New York Stock Exchange is closed.

“Conversion Date” means with respect to Series 2008-F Bonds in a particular Interest Rate Mode, the day on which another Interest Rate Mode for such Series 2008-F Bonds begins.

“Credit Enhancement” means a letter of credit, insurance policy, surety bond, line of credit or other instrument, if any, then in effect that secures or guarantees the payment of principal of and interest on the Series 2008-F Bonds.

“Credit Provider” means any bank, insurance company, pension fund or other financial institution which provides a Credit Enhancement or Alternate Credit Enhancement for the Series 2008-F Bonds.

“Daily Mode” means the Interest Rate Mode during which the Series 2008-F Bonds bear interest at the Daily Rate.

“Daily Rate” means the per annum interest rate on any Series 2008-F Bond in the Daily Mode determined pursuant to the 2008-F Supplemental Resolution.

“Daily Rate Period” means the period during which a Series 2008-F Bond in the Daily Mode shall bear interest at a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

“Electronic Means” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and the 2008-F Supplemental Resolution and will not adversely affect the exclusion of interest on the Series 2008-F Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2008-F Bonds).

“Interest Accrual Period” means the period during which a Series 2008-F Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of the Series 2008-F Bonds) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Series 2008-F Bond, interest is in default or overdue on the Series 2008-F Bonds, such Series 2008-F Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Series 2008-F Bonds.

“Interest Payment Date” means with respect to the Series 2008-F Bonds in the Daily Mode or Weekly Mode, the first Business Day of each month.

“Interest Period” means, for the Series 2008-F Bonds in a particular Interest Rate Mode, the period of time that the Series 2008-F Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period.

“Interest Rate Mode” means, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the LIBOR Indexed Mode, the Term Rate Mode or the Fixed Rate Mode.

“Liquidity Facility” means, initially, the Standby Bond Purchase Agreement among Energy Northwest, the Trustee, and Dexia Crédit Local, acting through its New York Branch, and any letter of credit, line of credit, standby purchase agreement or other instrument then in effect which provides for the payment of the purchase price of Series 2008-F Bonds upon the tender thereof in the event remarketing proceeds are insufficient therefor. Although the initial Liquidity Facility provides for the payment of the purchase price of both Subseries of the Series 2008-F Bonds, the provisions of the 2008-F Supplemental Resolution permit Energy Northwest to obtain different Liquidity Facilities for the two Subseries or to provide no Liquidity Facility for one or both Subseries. All references in the 2008-F Supplemental Resolution to a Liquidity Facility for Series 2008-F Bonds shall be deemed to refer to the Liquidity Facility, if any, then provided for each Subseries of the Series 2008-F Bonds.

“Liquidity Provider” means any bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for the Series 2008-F Bonds, initially Dexia Crédit Local, acting through its New York Branch.

“Liquidity Provider Bonds” means any Series 2008-F Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility.

“Mandatory Purchase Date” means: (i) with respect to a Flexible Rate Bond the first Business Day following the last day of each Flexible Rate Period with respect to such Series 2008-F Bond; (ii) for Series 2008-F Bonds in the Term Rate Mode, on the first Business Day following the last day of each Term Rate Period; (iii) any Conversion Date (except a change in Interest Rate Mode between the Daily Mode and the Weekly Mode); (iv) any Substitution Date; (v) the fifth Business Day prior to any Expiration Date (other than as a result of an Automatic Termination Event); (vi) the date specified by the Trustee following the occurrence of an event of default (other than an Automatic Termination Event) under the Reimbursement Agreement, which date shall be a Business Day not more than 25 nor less than 20 days after the Trustee’s receipt of written notice of such event of default from the Credit Provider or the Liquidity Provider and in no event later than the day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) the date specified by the Trustee following receipt of notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the Series 2008-F Bonds (other than interest on Series 2008-F Bonds no longer Outstanding after such drawing), which date shall be a Business Day not more than five days after the Trustee’s receipt of such notice; and (viii) for Series 2008-F Bonds in the Daily Mode or Weekly Mode, any Business Day specified by Energy Northwest not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the Expiration Date.

“Maximum Rate” means (i) with respect to all Series 2008-F Bonds other than Liquidity Provider Bonds, a rate of interest of 12% per annum and (ii) with respect to Liquidity Provider Bonds, the rate specified in the Liquidity Facility. In no event shall such rate(s) exceed the highest rate allowed by law.

“Opinion of Counsel” means a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

“Principal Office” means, with respect to the Trustee and Paying Agent, the office of the Trustee indicated in the 2008-F Supplemental Resolution, or such other or additional offices as may be specified by the Trustee.

“Principal Payment Date” means any date upon which the principal amount of Series 2008-F Bonds is due, including the Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any Series 2008-F Bond is accelerated.

“Purchase Date” means (i) for a Series 2008-F Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said Series 2008-F Bond pursuant to the optional tender provisions of the 2008-F Supplemental Resolution, and (ii) any Mandatory Purchase Date.

“Purchase Price” means an amount equal to the principal amount of any Series 2008-F Bonds purchased on any Purchase Date, plus accrued interest to the Purchase Date (unless the Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not include accrued interest, which shall be paid in the normal course).

“Rate Determination Date” means any date on which the interest rate on Series 2008-F Bonds shall be determined, which, (i) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Series 2008-F Bonds become subject to the Daily Mode; and (ii) in the case of the Weekly Mode, (A) initially each Tuesday or, if Tuesday is not a Business Day, then the Business Day next succeeding such Tuesday, or such other day as may be established pursuant to the 2008-F Supplemental Resolution, and (B) not later than the Business Day preceding a Conversion Date, a Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date.

“Rating Confirmation Notice” means a notice from Moody’s, S&P or Fitch, as appropriate, confirming that the rating on the Series 2008-F Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

“Record Date” means with respect to Series 2008-F Bonds in a Short-Term Mode, the last Business Day before an Interest Payment Date.

“Redemption Date” means the date fixed for redemption of Series 2008-F.

“Redemption Price” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Series 2008-F Bonds to be paid on the Redemption Date.

“Remarketing Agent” means any investment banking firm appointed to remarket some or all of the Series 2008-F Bonds, initially Goldman, Sachs & Co.

“Remarketing Agreement” means a Remarketing Agreement between Energy Northwest and the Remarketing Agent relating to some or all of the Series 2008-F Bonds.

“Short-Term Mode” means the Daily Mode, the Weekly Mode or the Flexible Mode.

“Substitution Date” means the date upon which an Alternate Credit Enhancement or Alternate Liquidity Facility is scheduled to be substituted for the Credit Enhancement or Liquidity Facility then in effect.

“Tax Requirements” means those provisions of (i) the Internal Revenue Code of 1954, as amended, (ii) the Internal Revenue Code of 1986, as amended, (iii) the Tax Reform Act of 1986, as amended, and (iv) the temporary, proposed, or final regulations promulgated thereunder by the United States Treasury Department that are applicable to the Series 2008-F Bonds and that must be complied with in order that the interest on the Series 2008-F Bonds not be, and continue not to be, includable in the gross income of the owners thereof for federal income tax purposes.

“Tender Agent” means the Trustee or such other or additional Tender Agent designated from time to time.

“Tender Notice” means a notice delivered by Electronic Means or in writing that states (i) the principal amount of such Series 2008-F Bond to be purchased pursuant to the optional tender provisions of the 2008-F Supplemental Resolution, (ii) the Purchase Date on which such Series 2008-F Bond is to be purchased, (iii) applicable payment instructions with respect to the Series 2008-F Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

“Tender Notice Deadline” means (i) during the Daily Mode, 11:00 a.m. on any Business Day and (ii) during the Weekly Mode, 5:00 p.m. on the Business Day seven days prior to the applicable Purchase Date.

“Unremarketed Bonds Rate” means (i) if a Liquidity Facility was delivered in connection with the Series 2008-F Bonds, the Alternate Rate plus 3% per annum and (ii) if a Liquidity Facility was not delivered in connection with the Series 2008-F Bonds, the Maximum Rate, provided in no event shall either such rate exceed the highest rate allowed by law.

“Variable Rate Mode” means the Short-Term Mode or the Term Rate Mode.

“Weekly Mode” means the Interest Rate Mode during which the Series 2008-F Bonds bear interest at the Weekly Rate.

“Weekly Rate” means the per annum interest rate on the Series 2008-F Bonds in the Weekly Mode determined pursuant to the 2008-F Supplemental Resolution..

“Weekly Rate Period” means the period during which a Series 2008-F Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on the day following the Rate Determination Date of each week to and including the Rate Determination Date of the following week, except (i) in connection with a conversion to the Weekly Rate, in which case the first Weekly Rate Period shall be from the Conversion Date to and including the Rate Determination Date of the following week, (ii) in the case of a Substitution Date or Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date, in which case the Weekly Rate Period prior to the Substitution Date or such Mandatory Purchase Date shall end on the day before the Substitution Date or such Mandatory Purchase Date and a new Weekly Rate Period shall commence on the Substitution Date or such Mandatory Purchase Date and end on the Rate Determination Date of the following week and (iii) in connection with a conversion from the Weekly Mode, the last Weekly Rate Period shall end on the day next preceding the Conversion Date.

PROPOSED FORM OF OPINION OF BOND COUNSEL

Energy Northwest

Goldman, Sachs & Co.

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 \$208,830,000 Project 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F consisting of Subseries F-1 and F-2 (the "Series 2008-F Bonds"). The Series 2008-F Bonds are authorized to be issued pursuant to (i) the Act, (ii) Resolution No. 838 (the "Electric Revenue Bond Resolution"), adopted by the Executive Board of Energy Northwest (the "Executive Board") on 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 Series 2008-F Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Bond Resolutions. The Series 2008-F Bonds rank junior as to security and payment to bonds issued and outstanding under the Prior Lien Resolution. The Series 2008-F 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 Series 2008-F Bonds and apply the proceeds of the Series 2008-F 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 Series 2008-F Bonds and other Parity Debt are valid and binding upon Energy Northwest and are enforceable in accordance with their terms.

3. The Series 2008-F 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 Series 2008-F Bonds are payable solely from the revenues and other amounts pledged to such payment under the Bond Resolutions. The Series 2008-F 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 Series 2008-F 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
\$208,830,000 Project 3 Variable Rate Energy Northwest Revenue Refunding Bonds, Series 2008-F

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 \$208,830,000 aggregate principal amount of Project 3 Variable Rate Electric Revenue Refunding Bonds, Series 2008-F (the "Series 2008-F Bonds"). The Series 2008-F Bonds are being issued pursuant to chapter 43.52 of the Revised Code of Washington, as amended, 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 "Resolutions"). The Series 2008-F Bonds are being issued for the purpose of refunding certain outstanding bonds issued by Energy Northwest.

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-F 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-F 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-F 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 June 11, 2008, relating to the Series 2008-F Bonds or other offering material relating to the Series 2008-F 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-F Bonds and with respect to the due authorization and issuance of the Series 2008-F 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-F 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”). Interest on the Series 2008-F 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-F Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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 Series 2008-F Bonds. The Series 2008-F 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 Series 2008-F Bond certificate will be issued for each maturity of the Series 2008-F 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 Series 2008-F Bonds under the DTC system, in Authorized Denominations, must be made by or through Direct Participants, which will receive a credit for the Series 2008-F Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008-F 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 Series 2008-F 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 Series 2008-F Bonds, except in the event that use of the book entry-entry system for the Series 2008-F Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008-F 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 Series 2008-F 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 Series 2008-F Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008-F 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2008-F Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008-F 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 Series 2008-F Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2008-F 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.

A Beneficial Owner shall give notice to elect to have its Series 2008-F Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2008-F Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2008-F Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2008-F Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2008-F Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2008-F Bonds to the Tender Agent's account.

DTC may discontinue providing its services as securities depository with respect to the Series 2008-F 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, Series 2008-F 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, Series 2008-F Bond certificates will be printed and delivered to DTC.

With respect to Series 2008-F 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 Series 2008-F 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 Series 2008-F 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 Series 2008-F 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 Series 2008-F 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 Series 2008-F 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 Series 2008-F Bond is registered on the Bond Register, as the holder and absolute owner of such Series 2008-F Bond for the purpose of payment of

principal and interest with respect to such Series 2008-F Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2008-F Bond, for the purpose of registering transfers with respect to such Series 2008-F 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 Series 2008-F Bonds.

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

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Exhibit E
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		2,460,300	2,465,230
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	\$	20,066,714	\$ 19,963,648
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	\$	20,066,714	\$ 19,963,648

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

	Three Months Ended		Fiscal Year-to-Date Ended	
	March 31,		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	657,083	617,544	1,348,294	1,280,371
Net operating revenues	142,540	263,128	232,649	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	54,463	62,801	110,079	126,214
Net revenues	\$ 88,077	\$ 200,327	\$ 122,570	\$ 293,015

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