



December 9, 2005

Bonneville Power Administration DKP-7
PO Box 14428
Portland, OR 97293-4428

Re: Comments on Proposed Extension of CGS Debt

Dear Sir or Madam:

I am writing on behalf of Pacific Northwest Generating Cooperative (PNGC Power) and its fifteen members ("PNGC Members"). Each of the PNGC Members is a participant in one or more of Energy Northwest's net-billed nuclear projects (WNP-1, WNP-2 (nka Columbia Generating Station or CGS), and WNP-3). PNGC Power is not a participant in any project of Energy Northwest.

PNGC Power is a joint operating entity pursuant to Section 5(b)(7) of the Northwest Power Act. PNGC Power and each of the PNGC Members are preference and priority customers of BPA purchasing power under Block and Slice contracts to serve their net requirements. PNGC Power and the PNGC Members pay in their BPA Slice and Block rates the costs of ENW debt service on WNP-1, WNP-2, and WNP-3.

PNGC Power staff attended the November 28, 2005 workshop sponsored jointly by BPA and ENW in which the proposal to extend CGS debt was discussed. From comments made by BPA staff during that workshop, it is apparent that BPA wants to pursue this proposal. In addition, it is apparent that some of BPA's customers support the proposal.

PNGC Power and the PNGC Members have a different view. ENW incurred debt to construct and finance the ENW net-billed projects. The PNGC Members entered their respective net-billed projects participants agreements to support the construction and financing of the ENW net-billed projects, and not to finance or refinance other debt. The PNGC Members, and PNGC Power as well, expected the ENW net-billed project debt to be paid off on a timely basis and not later than 2018, and they did not expect this debt to be extended beyond that date for any reason.

We have been advised by BPA staff that the proposed extension of \$350 million of CGS debt will have no effect on their rates or the Slice True Up Adjustment within the remainder of the WP-02 rate period. We also have been advised by BPA staff that extension of CGS debt will reduce some BPA rates during the WP-07 rate period, but we have no information concerning

whether the proposed CGS debt extension will have any effects on the Slice True-Up Adjustment during the WP-07 rate period.

The primary rationale offered by BPA for extending any CGS debt is to reduce rates during the WP-07 rate period. We believe that this reason is insufficient, in comparison to the benefits of paying off the debt associated with CGS by 2018, to warrant any extension of CGS debt.

Accordingly, we urge BPA not to proceed with this proposal. PNGC Power and the PNGC Members do not support it.

Sincerely,



Douglas R. Brawley
Manager, Rates and Member Services