

**TWO ELK GENERATION PARTNERS,
Limited Partnership**

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April 3, 2006

Via U.S. Mail

FILED

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**Terri A. Lorenzon, Director
Environmental Quality Council**

Mr. David A. Finley, Administrator
Air Quality Division
Wyoming Department of Environmental Quality
The Herschler Building 4-W
122 West 25th Street,
Cheyenne WY 82002

**Two Elk Generating Station – Unit 1
Permit No. CT-1352B
Status Report No. 9**

Dear Mr. Finley:

In accordance with the Wyoming Environmental Quality Council Order of June 30, 2005 – “Order Granting Motion to Dismiss”, Two Elk Generation Partners, Limited Partnership (“TEGP”) is pleased to provide Wyoming Department of Environmental Quality – Air Quality Division (“WYDEQ”) with this ninth monthly status report for the Two Elk Generating Station, Unit 1 (the “Facility”).

Licensing & Permitting

TEGP’s selected local Gillette WY engineering firm completed the preliminary and final design and engineering technical work products for the Facility’s main access road intersection with Wyoming Highway 450. A preliminary technical information package was submitted to WYDOT for review and approval. WYDOT provided its approval of the preliminary technical information package and work commenced in completing the

final technical information package with submittal to WYDOT on March 31, 2006. WYDOT approval of the final technical information package and issuance of WYDOT's permit for the construction of the Facility's main access road intersection at Wyoming Highway 450 has been requested in April 2006. All submittals to WYDOT for WYDOT review and approval, are in accordance with the Agreement for Rendering Services between TEGP and WYDOT.

Transmission and Power Purchase Agreements

TEGP continued coordination activities involving PacifiCorp on the March 9, 2004 TEGP Electric Interconnection and Electric Transmission Open Access Tariff application continuing with PacifiCorp.

Electric Interconnection - PacifiCorp issued a preliminary System Impact Study on March 31, 2006 consisting of a modified one-line diagram. PacifiCorp stated PacifiCorp would publish its final System Impact Study including a more thorough discussion of study assumptions, communication requirements and an overall cost estimate by April 21, 2006. TEGP previously funded and executed the revised Generation Interconnection Impact Study Agreement with PacifiCorp, allowing PacifiCorp to proceed with continued study activities for TEGP.

Electric Transmission - PacifiCorp stated that PacifiCorp will perform a stability analysis during the Transmission Facilities Study stage. PacifiCorp previously submitted to TEGP the first results of Pacific's Transmission Facility Study: "*Antelope Mine Substation – Wasatch Front Transmission Project Corridor Study*". This study identifies existing and potential transmission corridor(s) which PacifiCorp can utilize to provide transmission service to TEGP. TEGP and its transmission consultant provided required responses and comments to this study. PacifiCorp is proceeding with subsequent Facility study activities.

Conclusion of PacifiCorp transmission matters is required to finalize power purchase agreements which have been initiated with new customers in Utah and Arizona.

TEGP and PacifiCorp continue to evaluate information on recently announced transmission projects involving Wyoming to assess any impact or lack thereof to TEGP's active interconnection service and transmission service requests and applications with PacifiCorp.

Engineering

Bechtel Power Corporation – the Facility’s Engineering, Procurement and Construction contractor and Foster Wheeler North America Corporation and manufacturer and supplier of the Facility’s main boiler are the primary providers of engineering and engineering work products. Activities include:

- Regular and periodic design coordination meetings
- Review and coordination of boiler drawing submittals

Procurement

Evaluation of Foster Wheeler North America Corporation’s Notice of *Force Majeure*, resulting from hurricane events in the Gulf coast region continues, pursuant to the Bechtel Power Corporation purchase order with Foster Wheeler.

Construction

Main Access Road - Construction of the main access road is restrained by the absence of the WYDOT permit for intersecting with Wyoming Highway 450. Main access road work and completion is required to release subsequent construction activities and main access road construction will be incorporated in a re-bid earthwork subcontract.

Should you have any questions, please feel free to contact us.

Sincerely,

TWO ELK GENERATION PARTNERS,
Limited Partnership



Daniel D. Yueh, Vice President
North American Power Group, Ltd. for
Two Elk Power Company, its
General Partner