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**TWO ELK GENERATION PARTNERS,
Limited Partnership**

JAN 04 2006

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Terri A. Lorenzon, Director
Environmental Quality Council

January 3, 2006

Via U.S. Mail

Mr. Dan Olson, 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. 6**

Dear Mr. Olson:

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 sixth monthly status report for the Two Elk Generating Station, Unit 1 (the “Facility”).

Licensing & Permitting

Wyoming Department of Transportation – WYDOT will issue its’ permit for the Facility’s main access road intersection with Wyoming Highway 450 upon WYDOT’s approval of the engineering and design work products to be submitted by TEGP.

Financing

Wyoming Bond Authority - TEGP's financing team consisting of George K. Baum & Co., Cheyenne WY, the underwriters and Kutak Rock, LLP, Denver CO bond counsel, bond buyer and their legal counsel, bond trustees and their legal counsel, and others completed work on the due diligence, remarketing, underwriting, issuance and funding activities for the Series 2000, 2001, 2005 bonds. These bonds were issued in December 2005 with the proceeds of funds going into a trust account.

Transmission and Power Purchase Agreements

In December 2005 TEGP addressed matters involving PacifiCorp on the TEGP Electric Interconnection and Electric Transmission Open Access Tariff matter underway with PacifiCorp. Additionally, TEGP participated in meetings involving one of two major new transmission projects, announced in November 2005 involving Wyoming and new AC and DC connections to the desert southwest.

Electric Interconnection - TEGP funded and executed the revised Generation Interconnection Impact Study Agreement with PacifiCorp, allowing PacifiCorp to proceed with continued study activities for TEGP. The revised study will accomplish and take into account: 1) new and revised PacifiCorp assumptions needed in conducting the System Impact Study; 2) changes in the relevant PacifiCorp generation interconnection request priority queue; 3) neighboring utility impacts on network resource evaluation(s).

Electric Transmission - TEGP and its transmission consultant continued to identify and coordinate PacifiCorp's third proposed incremental tariff rate calculations. Additional questions and responses for items which appeared to be inappropriate for tariff inclusion were exchanged between TEGP and PacifiCorp. PacifiCorp 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

Conclusion of PacifiCorp transmission matters is required to finalize power purchase agreements which have been initiated.

The TransWest Express Project, announced by Arizona Public Service Company consisting of two 500 kV AC transmission lines from Wyoming to northern Arizona with an intermediate interconnection in Utah, held its initial information meeting in December 2005.

TEGP and PacifiCorp are assembling 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 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

A handwritten signature in black ink, appearing to read "D. Yueh", with a stylized flourish at the end.

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