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TWO ELK GENERATION PARTNERS, Terri A. Lorenzon, Director
Limited Partnership Environmental Quality Council

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November 1, 2005

Via U.S. Mail & E-Mail
dolson@state.wy.us

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. 4

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

Licensing & Permitting

Wyoming Department of Transportation – Work continued with WYDOT for permitting the Facility’s main access road intersection with Wyoming Highway 450. In an October 2005 telephone contact with Mr. Donald Phillips, District Engineer, WYDOT reconfirms the approval and forthcoming institution of the Authority for Rendering Services Agreement and the impending submittal of this Agreement to TEGP shortly. This

Agreement is a condition precedent for WYDOT issuing its' permit for the Facility's main access road intersection at Wyoming Highway 450. This permit remains outstanding and TEGP expects receiving this WYDOT permit going forward.

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 continued work on the due diligence and underwriting activities for the new TEGP tax-exempt preference allocation in the amount of \$91.18 million as Series 2005-B bonds. TEGP and Campbell County Wyoming are proceeding with issuance of these bonds with a close in early November 2005.

Remarketing efforts for the previously issued Series 2000, 2001 and 2005 tax-exempt bonds commenced with defeasance and reissue documentation being drafted for a December 2005 remarketing close.

Transmission

In October several high level meetings were held with PacifiCorp in Portland OR and Salt Lake City UT on TEGP matters involving Electric Interconnection and Electric Transmission.

Electric Interconnection - TEGP analyzed the PacifiCorp's proposed System Impact Re-study inputs and assumptions, realizing that additional utilization of proposed TEGP transfer capability would be shared by others. PacifiCorp responses were received and are being evaluated by TEGP and its transmission consultant. Emanating from the mandatory Tariff scoping meeting were additional TEGP questions regarding PacifiCorp utilization of Western Electric Coordinating Council load cases, modified by PacifiCorp, and their applicability to the new Facility's proposed transmission path. Resulting from this extensive interaction was PacifiCorp's submittal to TEGP of a revised System Impact Re-study Agreement in October 2005.

Electric Transmission - TEGP and its transmission consultant reviewed the PacifiCorp's third proposed incremental tariff rate calculation, submitted to TEGP in late September 2005. Questions and requests for clarification were developed and submitted to PacifiCorp with the objective of properly identifying those actual PacifiCorp costs attributed to new proposed electric transmission service for TEGP. Pursuant to PacifiCorp's Open Access Transmission Tariff, mutual concurrence is required for incremental tariff rates associated with new transmission service, if any.

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

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