ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

201 South Main, Suite 2300
Salt Lake City, Utah 84111

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IDAHO PUBLIC
UTILITIES COMMISSION

July 16, 2012

***VIA OVERNIGHT DELIVERY***

Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83720

Attn: Ms. Jean Jewell
Commission Secretary

**Re: Case No. PAC-E-03-1**
**Order No. 29201**
**Report of New Credit Support Arrangements**

Dear Commissioners:

Pursuant to the referenced Order, PacifiCorp submits to the Commission one set of verified copies of each of the following documents:

1. Reoffering Circulars dated June 22, 2012

2. First Amendment to Letter of Credit Agreements, dated June 22, 2012, among the Company and Wells Fargo Bank, NA, as Letter of Credit Issuing Bank for the following Bond issues:

    a. $9,335,000 Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds, Series 1992A (PacifiCorp Project)

    b. $6,305,000 Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds, Series 1992B (PacifiCorp Project)

    c. $22,485,000 Converse County, Wyoming Pollution Control Revenue Refunding Bonds, Series 1992 (PacifiCorp Project)

    d. $45,000,000 Lincoln County, Wyoming Pollution Control Revenue Refunding Bonds, Series 1991 (PacifiCorp Project)

    e. $21,260,000 Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds, Series 1994 (PacifiCorp Project)

Because PacifiCorp has not issued any new securities in connection with the referenced transaction, no Report of Securities Issued is enclosed.

The enclosed documents relate to letters of credit previously issued through a credit agreement that was subsequently terminated and replaced. PacifiCorp arranged for these letters of credit to be re-issued under a continuing credit agreement at more favorable pricing than otherwise was available. The letters of credit provide credit enhancement and help assure timely payment of amounts due with respect to each PCRB series and should assist with continuing to achieve a low cost of money with respect to the financings.

Under penalty of perjury, I declare that I know the contents of the enclosed documents, and they are true, correct, and complete.

Please contact me at (503) 813-5660 or Ted Weston, Regulatory Manager, at (801) 220-2963 if you have any questions about this letter or the enclosed documents.

Sincerely,

Tanya Sacks

Tanya Sacks
Assistant Treasurer

Enclosures

Cc: Terri Carlock
Ted Weston

**SUPPLEMENT DATED JUNE 22, 2012 TO REOFFERING CIRCULAR DATED SEPTEMBER 15, 2010**

| $22,485,000 | $9,335,000 | $6,305,000 |
|---|---|---|
| **Converse County, Wyoming** | **Sweetwater County, Wyoming** | **Sweetwater County, Wyoming** |
| **Pollution Control Revenue** | **Pollution Control Revenue** | **Pollution Control Revenue** |
| **Refunding Bonds** | **Refunding Bonds** | **Refunding Bonds** |
| **(PacifiCorp Project)** | **(PacifiCorp Project)** | **(PacifiCorp Project)** |
| **Series 1992** | **Series 1992A** | **Series 1992B** |
| **(CUSIP 212491 AN4*)** | **(CUSIP 870487 CH6*)** | **(CUSIP 870487 CJ2*)** |

This Supplement amends and supplements the accompanying Reoffering Circular dated September 15, 2010 (the "Reoffering Circular") relating to the above-captioned bonds (collectively, the "Bonds"). All terms used in this Supplement shall, unless otherwise defined in this Supplement, have the same meanings assigned to them in the Reoffering Circular.

Effective June 22, 2012, each Letter of Credit will be extended in accordance with its terms to and will expire on June 21, 2013. None of the Letters of Credit will be amended or otherwise changed except to effect such extension. In conjunction with the extension of each Letter of Credit, the Company will transfer its obligations under such Letter of Credit and related Letter of Credit Agreement from the Credit Agreement described under "THE LETTER OF CREDIT AND THE CREDIT AGREEMENT—CREDIT AGREEMENT" in the Reoffering Circular to the substantially identical $800,000,000 Amended and Restated Credit Agreement dated July 6, 2006 (as amended by the First Amendment dated April 15, 2009 and the Second Amendment dated as of January 6, 2012, the "2006 Credit Agreement") among the Company, the financial institutions party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and The Royal Bank of Scotland, plc, as Syndication Agent. Each Letter of Credit Agreement will be amended effective June 22, 2012 to reflect the transfer of the Company's obligation thereunder to the 2006 Credit Agreement. From and after June 22, 2012, the term "Credit Agreement" in the Reoffering Circular shall mean and refer to the 2006 Credit Agreement, and the term "Letter of Credit Agreement" shall mean and refer to each such agreement, as so amended.

Descriptions of PacifiCorp and of Wells Fargo Bank, National Association are attached as Appendices A and B, respectively, to the Reoffering Circular in lieu of the original Appendices A and B.

The Company has approved this Supplement for distribution by the Remarketing Agent to current Bondholders and potential purchasers of the Bonds. THE ISSUER MAKES NO REPRESENTATION WITH RESPECT TO AND HAS NOT PARTICIPATED IN THE PREPARATION OF ANY PORTION OF THIS SUPPLEMENT.

The Remarketing Agent has provided the following sentence for inclusion in this Supplement. The Remarketing Agent has reviewed the information in this Supplement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

**J.P. Morgan**
Remarketing Agent

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# REOFFERING CIRCULAR

NOT NEW ISSUES
Book-Entry Only

The opinions of Stoel Rives Boley Jones & Grey, Portland, Oregon delivered on September 29, 1992 stated that under then existing laws, court decisions, rulings and regulations: (a) assuming continuing compliance by the Issuers with their covenants relating to the federal tax-exempt status of the interest on the Bonds, under Section 103 of the Internal Revenue Code of 1986, as amended, the interest on the Bonds was not then includible for federal income tax purposes in the gross incomes of the Owners thereof (other than any Owner who is a "substantial user" of the Facilities relating to such Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, and rules and regulations promulgated or applicable thereunder); and (b) the State of Wyoming imposed no income taxes that would be applicable to interest on the Bonds. Bond Counsel also observed that the interest on the Bonds would not be subject to the federal alternative minimum tax imposed on individuals, corporations and other taxpayers. Such opinion has not been updated. See "TAX EXEMPTION" for a more complete discussion.

## $38,125,000
## POLLUTION CONTROL REVENUE REFUNDING BONDS
## (PACIFICORP PROJECTS)

| $22,485,000 | $9,335,000 | $6,305,000 |
|---|---|---|
| Converse County, Wyoming | Sweetwater County, Wyoming | Sweetwater County, Wyoming |
| Series 1992 | Series 1992A | Series 1992B |
| Due: December 1, 2020 | Due: December 1, 2020 | Due: December 1, 2020 |

**Dated: January 17, 1991** **Due: January 1, 2016**

The Bonds of each issue described in this Reoffering Circular are limited obligations of the respective Issuer and, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, are payable solely from and secured by a pledge of payments to be made under the Loan Agreements entered into between the Issuer and

## PacifiCorp

On September 22, 2010, the Bonds of each issue will be remarketed and will bear interest at a Weekly Interest Rate payable the first Business Day of each month commencing October 1, 2010. The initial Weekly Interest Rate and each subsequent Weekly Interest Rate to be borne by each issue of Bonds will be determined by the Remarketing Agent. Thereafter, the interest rate on the Bonds may be changed from time to time to Daily, Weekly, Flexible or Term Interest Rates, designated and determined in accordance with the Indenture and, in the case of the Daily and Weekly Interest Rates, as described herein. The Bonds are subject to purchase at the option of the owners thereof and, under certain circumstances, are subject to mandatory purchase in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

Following the remarketing of the Bonds on September 22, 2010, the payment of the principal of and interest on each issue of the Bonds and the payment of the purchase price of each issue of the Bonds tendered for purchase and not remarketed will be supported by a separate irrevocable Letter of Credit issued by Wells Fargo Bank, National Association, to The Bank of New York Mellon Trust Company, N.A., as Trustee, for the benefit of the registered holders of the related Bonds.

## Wells Fargo Bank, National Association

Each Letter of Credit will expire by its terms on September 22, 2011, unless it expires earlier in accordance with its terms. Each Letter of Credit will be automatically extended to, and shall expire on September 22, 2012, unless the Trustee receives notice of the Bank's election not to extend on or before August 24, 2011. Each Letter of Credit may be replaced by an Alternate Credit Facility as permitted under the Indenture and Loan Agreement. Unless a Letter of Credit is extended before its scheduled expiration date, the related Bonds will be subject to mandatory tender for purchase prior to such expiration date. THIS REOFFERING CIRCULAR ONLY PERTAINS TO THE BONDS WHILE THEY ARE SECURED BY THE LETTERS OF CREDIT PROVIDED BY THE BANK.

The Bonds are issuable as fully registered Bonds without coupons and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. DTC initially will act as securities depository for the Bonds. Only beneficial interests in book-entry form are being offered. The Bonds are issuable during any Weekly Interest Rate Period in denominations of $100,000 and any integral multiple thereof (provided that one Bond need not be in a multiple of $100,000 but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations). So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the principal of and premium, if any, and interest on the Bonds will be paid by the Trustee directly to DTC, which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry System."

**Price 100%**

The Bonds are reoffered by the Remarketing Agent referred to below, subject to withdrawal or modification of the offer without notice and certain other conditions. At the time of the original issuance and delivery of the Bonds, Stoel Rives Boley Jones & Grey, Bond Counsel to the Company, delivered its opinion as to the legality of the Bonds. Such opinion spoke only as to its date of delivery and will not be reissued in connection with this reoffering. Certain legal matters in connection with the reoffering will be passed upon by Chapman and Cutler LLP, Bond Counsel to the Company. Certain legal matters in connection with the remarketing will be passed upon for PacifiCorp by Paul J. Leighton, Esq., counsel to the Company. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, on or about September 22, 2010.

## J.P. MORGAN

September 15, 2010

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Reoffering Circular in connection with the offering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by Converse County, Wyoming or Sweetwater County, Wyoming (sometimes referred to individually as an *"Issuer"* and collectively as the *"Issuers"*), PacifiCorp (the *"Company"*) or J.P. Morgan Securities LLC, as Remarketing Agent. Neither the delivery of this Reoffering Circular nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or the Company any since the date hereof. The Remarketing Agent has reviewed the information in this Reoffering Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but does not guarantee the accuracy or completeness of such information. This Reoffering Circular does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offering or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The Issuers have not assumed nor will they assume any responsibility as to the accuracy or completeness of the information in this Reoffering Circular. Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Reoffering Circular or, other than the Issuers, approved the Bonds for sale.

In connection with this offering, the Remarketing Agent may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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# REOFFERING CIRCULAR

**$38,125,000**
**POLLUTION CONTROL REVENUE REFUNDING BONDS**
**(PacifiCorp Projects)**

| **$22,485,000** | **$9,335,000** | **$6,305,000** |
|---|---|---|
| **Converse County, Wyoming** | **Sweetwater County, Wyoming** | **Sweetwater County, Wyoming** |
| **Series 1992** | **Series 1992A** | **Series 1992B** |
| **Due: December 1, 2020** | **Due: December 1, 2020** | **Due: December 1, 2020** |

## INTRODUCTORY STATEMENT

This Reoffering Circular sets forth certain information with respect to three separate issues of pollution control revenue refunding bonds (individually, an *"Issue"* or a *"Series"* and collectively, the *"Bonds"*) as follows:

(i) $22,485,000 principal amount of Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1992 (the *"Converse Bonds"*) issued by Converse County, Wyoming (*"Converse"*);

(ii) $9,335,000 principal amount of Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1992A (the *"Sweetwater 1992A Bonds"*) issued by Sweetwater County, Wyoming (*"Sweetwater"*); and

(iii) $6,305,000 principal amount of Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1992B (the *"Sweetwater 1992B Bonds,"* referred to collectively with the Sweetwater 1992A Bonds as the *"Sweetwater Bonds"* and, collectively with the Converse Bonds, the *"Bonds"*) issued by the Sweetwater Issuer.

Converse and Sweetwater are referred to individually as an *"Issuer"* and, collectively, as the *"Issuers."*

The Converse Bonds and the Sweetwater Bonds were issued pursuant to separate Trust Indentures, each dated as of September 1, 1992, each as heretofore amended and supplemented (individually, an *"Original Indenture"* and collectively, the *"Original Indentures"*), and as further amended and restated by separate Third Supplemental Trust Indentures, each dated as of September 1, 2010 (individually, a *"Third Supplemental Indenture"* and collectively, the *"Third Supplemental Indentures"*), and each between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the *"Trustee"*). The Original Indentures, as amended and restated by the Third Supplemental Indentures, are sometimes individually referred to herein as an *"Indenture"* and, collectively, as the *"Indentures."*

Pursuant to separate Loan Agreements, each dated as of September 1, 1992 (individually an *"Original Loan Agreement"* and, collectively, the *"Original Loan Agreements"*) between the

respective Issuers and PacifiCorp (the *"Company"*) as amended and restated by separate First Supplemental Loan Agreements, each dated as of September 1, 2010 (the *"First Supplemental Loan Agreement"*), between the Company and the respective Issuer, the respective Issuers have loaned the proceeds from the sale of the Converse Bonds and the Sweetwater Bonds to the Company. Under the Agreements, the Company is unconditionally obligated to pay amounts sufficient to provide for payment of the principal of, and premium, if any, and interest on, the Bonds (the *"Loan Payments"*) and for payment of the purchase price of the Bonds to be purchased at the option of the Owners thereof or upon mandatory tender thereof. The Original Loan Agreements, as amended and restated by the First Supplemental Loan Agreements, are sometimes individually referred to herein as a *"Loan Agreement"*) and, collectively, as the *"Loan agreements."*

The proceeds of the Converse Bonds, together with certain other moneys of the Company, were used to provide for the redemption on October 1, 1992, of an equal principal amount of the Converse Issuer's Collateralized Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1976 (the *"Converse Series 1976 Bonds"*). The Converse Series 1976 Bonds were issued to finance a portion of the cost of the acquisition, construction, improvement and installation of certain air and water pollution control facilities (the *"Dave Johnston Project"*) at the Company's Dave Johnston coal-fired, steam electric generating plant (the *"Dave Johnston Plant"*) located in Converse County, Wyoming.

The proceeds of the Sweetwater 1992A Bonds, together with certain other moneys of the Company, were used to provide for the redemption on October 1, 1992, of an equal principal amount of the Sweetwater Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1975A (the *"Sweetwater Series 1975A Bonds"*). The proceeds of the Sweetwater 1992B Bonds, together with certain other moneys of the Company, were used to provide for the redemption on December 1, 1992 of an equal principal amount of the Sweetwater Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1975B (the *"Sweetwater Series 1975B Bonds"*). The Sweetwater Series 1975A Bonds and the Sweetwater Series 1975B Bonds were issued to finance a portion of the cost of the acquisition, construction, improvement and installation of the Company's undivided 66 2/3% interest in certain air and water pollution control facilities (the *"Jim Bridger Project"* and, collectively with the Dave Johnston Project, the *"Projects"*) at the Jim Bridger coal-fired, steam electric generating plant (the *"Jim Bridger Plant"* and, collectively with the Dave Johnston Plant, the *"Plant"*) located in Sweetwater County, Wyoming.

The Converse Series 1976 Bonds, the Sweetwater Series 1975A Bonds and the Sweetwater 1975B Bonds, are hereinafter referred to collectively as the *"Prior Bonds."*

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations and not general obligations of the Issuer thereof. None of the Indentures, the Bonds or the Loan Agreements constitutes a debt or gives rise to a general obligation or liability of the Issuers or constitutes an indebtedness under any constitutional or statutory debt limitation. The Bonds of an Issue will not constitute or give rise to a pecuniary liability of the Issuers thereof and will not constitute any charge against the Issuer's general credit or taxing powers; nor will the Bonds of an Issue constitute an indebtedness of or a loan of credit of the Issuer. The Bonds are

payable solely from the receipts and revenues to be received from the Company as payments under the Loan Agreements, and from any other moneys pledged therefor. Such receipts and revenues and all of the Issuer's rights and interests under the Loan Agreements (except as noted under "THE INDENTURES—Pledge and Security" below) are pledged and assigned to the Trustee as security, equally and ratably, for the payment of the related Series of the Bonds. The payments required to be made by the Company under the Loan Agreement will be sufficient, together with other funds available for such purpose, to pay the principal of and premium, if any, and interest on the related Series of the Bonds. Under no circumstances will either Issuer have any obligation, responsibility or liability with respect to the Projects, the Loan Agreements, the Indentures, the Bonds or this Reoffering Circular, except for the special limited obligation set forth in the Indentures and the Loan Agreements whereby each Series of the Bonds is payable solely from amounts derived from the Company and the Letter of Credit (or Alternate Credit Facility (as hereinafter defined), as the case may be). Nothing contained in the Indentures, the Bonds or the Loan Agreements, or in any other related documents may be construed to require any Issuer to operate, maintain or have any responsibility with respect to any Project. The Issuers have no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse may be had against any past, present or future commissioner, officer, employee, official or agent of the Issuers under the Indentures, the Bonds, the Loan Agreements or any related document. The Issuers have no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds.

Each Issue of the Bonds will be supported by a separate irrevocable Letter of Credit (each a *"Letter of Credit"* and, collectively, the *"Letters of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*), in favor of the Trustee, as beneficiary. The Letters of Credit have substantially identical terms.

Under each of the Letters of Credit, the Trustee will be entitled to draw, upon a properly presented and conforming drawing, up to an amount sufficient to pay one hundred percent (100%) of the principal amount of the related Series of Bonds on the date of the draw (whether at maturity, upon acceleration, mandatory or optional purchase or redemption), plus 48 days' accrued interest on such Bonds, at a rate of up to the maximum interest rate of twelve percent (12%) per annum calculated on the basis of a year of 365 days for the actual days elapsed, so long as such Bonds bear interest at the Weekly Interest Rate or the Daily Interest Rate. The Company has agreed to reimburse the Bank for drawings made under a Letter of Credit and to make certain other payments to the Bank. Each Letter of Credit will expire on September 22, 2011, unless extended or earlier terminated in accordance with its terms. See "THE LETTERS OF CREDIT."

Under certain circumstances described in the applicable Loan Agreement, a Letter of Credit may be replaced by an alternate credit facility supporting payment of the principal of and interest on the related Series of Bonds when due and for the payment of the purchase price of tendered or deemed tendered Bonds (an *"Alternate Credit Facility"*). The entity or entities, as the case may be, obligated to make payment on an Alternate Credit Facility are referred to herein as the *"Obligor on an Alternate Credit Facility."* The replacement of a Letter of Credit or an

Alternate Credit Facility will result in the mandatory purchase of Bonds. See "THE LOAN AGREEMENTS—The Letter of Credit; Alternate Credit Facility."

J.P. Morgan Securities LLC has been appointed by the Company as Remarketing Agent with respect to each Series of the Bonds (in such capacity, the *"Remarketing Agent"*). The Company has previously entered into a Remarketing Agreement with the Remarketing Agent with respect to the Bonds to be remarketed by the Remarketing Agent.

Brief descriptions of the Issuers, the Projects and the Bank and summaries of certain provisions of the Bonds, the Loan Agreements, the Letters of Credit and the Indentures are included in this Reoffering Circular, including the Appendices hereto. Information regarding the business, properties and financial condition of the Company is included in and incorporated by reference in APPENDIX A hereto. A brief description of the Bank is included as APPENDIX B hereto. APPENDIX C sets forth the approving opinions of Stoel Rives Boley Jones & Grey, Bond Counsel, delivered on the date of original issuance of the Bonds. APPENDIX D sets for the form of opinions of Chapman and Cutler LLP, relating to the execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement and the delivery of the Letters of Credit.

The descriptions herein of the Loan Agreements, the Indentures and the Letters of Credit are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights generally. Copies of such documents may be obtained from the principal corporate trust office of the Trustee in Chicago, Illinois.

**This Reoffering Circular provides certain information with respect to the Bank, the terms of, and security for the Bonds and other related matters. While certain information relating to the Company is included and incorporated within, the Bonds are being remarketed on the basis of their respective Letter of Credit and the financial strength of the Bank and are not being remarketed on the basis of the financial strength of the Issuers, the Company or any other security. This Reoffering Circular does not describe the financial condition of the Company and no representation is made concerning the financial status or prospects of the Company or the value or financial viability of the Project.**

*As this Reoffering Circular is being initially circulated in connection with the delivery of the Letters of Credit while the Bonds bear interest at a Weekly Interest Rate, generally only the Daily and Weekly Interest Rate Periods are described herein.*

## THE ISSUERS

Converse County and Sweetwater County are both political subdivisions, duly organized and existing under the Constitution and laws of Wyoming. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended (the *"Act"*), each Issuer was and is authorized to issue its respective Series of Bonds, to enter into the Indenture and the Loan

Agreement to which it is a party and to secure such Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement.

## THE BONDS

*The three issues of Bonds are each an entirely separate issue but contain substantially the same terms and provisions. The following is a summary of certain provisions common to the Bonds. A default in respect of one issue will not, in and of itself, constitute a default in respect of any other issue; however, the same occurrence may constitute a default with respect to more than one issue. No issue of the Bonds is entitled to the benefits of any payments or other security pledged for the benefit of the other issues. Optional or mandatory redemption of one issue of the Bonds may be made in the manner described below without redemption of the other issues. Reference is hereby made to the forms of the Bonds in their entirety for the detailed provisions thereof. References to the Issuer, the Trustee, the Bank, the Paying Agent, the Registrar, the Remarketing Agent, the Bonds, the Prior Bonds, the Plant, the Project, the Indenture, the Loan Agreement, the Letter of Credit and other documents and parties are deemed to refer to the Issuer, the Trustee, the Bank, the Paying Agent, the Registrar, the Remarketing Agent, the Bonds, the Prior Bonds, the Plant, the Project, the Indenture, the Loan Agreement, the Letter of Credit and such other documents and parties, respectively, relating to each issue of the Bonds. Initially capitalized terms used herein and not otherwise defined are used as defined in the Indenture.*

### GENERAL

The Bonds have been issued only as fully registered Bonds without coupons in the manner described below. The Bonds were dated as of their initial date of delivery and mature on the date set forth on the cover page of this Reoffering Circular. The Bonds may bear interest at Daily, Weekly, Flexible or Term Interest Rates designated and determined from time to time in accordance with the Indenture and, with respect to the Daily and Weekly Interest Rates, as described herein. Following the reoffering of the Bonds on June 1, 2010, the Rate Period (as defined below) for the Bonds will be a Weekly Interest Rate Period. The Bonds are subject to purchase at the option of the holders of the Bonds, and under certain circumstances are subject to mandatory purchase, in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

Bonds may be transferred or exchanged for other Bonds in authorized denominations at the principal office of the Trustee as the registrar and paying agent (in such capacities, the *"Registrar"* and the *"Paying Agent"*). The Bonds will be issued in authorized denominations of $100,000 or any integral multiple of $100,000 (provided that one Bond need not be in a multiple of $100,000, but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate (the *"Authorized Denominations"*). Exchanges and transfers will be made without charge to the Owners, except for any applicable tax or other governmental charge.

A *"Business Day"* is a day except a Saturday, Sunday or other day (a) on which commercial banks located in the cities in which the principal office of the Bank or the principal office of the Obligor on an Alternate Credit Facility, as the case may be, the principal office of the Trustee, the principal office of the Remarketing Agent or the principal office of the Paying Agent are located are required or authorized by law to remain closed or are closed, or (b) on which The New York Stock Exchange, Inc. is closed.

*"Expiration of the Term of an Alternate Credit Facility"* means (a)(i) the date specified in the Alternate Credit Facility as the expiration date for the Alternate Credit Facility, (ii) the date on which an Alternate Credit Facility is delivered or substituted in accordance with the provisions hereof and of the Agreement for the commitment of the then-existing Obligor on an Alternate Credit Facility or (iii) the date on which the Company terminates the Alternate Credit Facility in accordance the Loan Agreement, or (b) the date on which the commitment of the Obligor on an Alternate Credit Facility to provide moneys for the purchase of Bonds pursuant to the Alternate Credit Facility is otherwise terminated in accordance with its terms. See also "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

*"Expiration of the Term of the Letter of Credit"* means (a)(i) the *"Expiration Date"* as defined in the Letter of Credit or (ii) the date on which an Alternate Credit Facility is delivered or substituted for the Letter of Credit in accordance with the provisions hereof and of the Agreement or (iii) the date on which the Company terminates the Letter of Credit in accordance with the Loan Agreement, or (b) the date on which the commitment of the Bank to provide moneys for the purchase of Bonds pursuant to the Letter of Credit is otherwise terminated in accordance with its terms. See also "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

*"Interest Payment Date"* means (a) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month and (b) with respect to any Rate Period, the Business Day next succeeding the last day thereof.

*"Pledged Bonds"* means Bonds purchased with moneys drawn under the Letter of Credit to be deemed owned by the Company for purposes of granting a first priority lien upon Pledged Bonds hereunder, registered in the name of the Bank, as pledgee, or in the name of the Trustee (or its nominee), as agent for the Bank, delivered to or upon the direction of the Bank pursuant to the Indenture.

*"Rate Period"* means any Daily Interest Rate Period, Weekly Interest Rate Period, Flexible Interest Rate Period or Term Interest Rate Period.

*"Record Date"* means with respect to any Interest Payment Date in respect of any Daily Interest Rate Period or Weekly Interest Rate Period, the Business Day next preceding such Interest Payment Date.

*"Tax-Exempt"* means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is not includible in gross income of the owners of such obligations for federal income tax purposes, except for any interest on any such

obligations for any period during which such obligations are owned by a person who is a "substantial user" of any facilities financed or refinanced with such obligations or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), whether or not such interest is includible as an item of tax preference or otherwise includible directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Internal Revenue Code of 1986, as amended (the *"Code"*).

PAYMENT OF PRINCIPAL AND INTEREST

The principal of and premium, if any, on the Bonds is payable to the Owners upon surrender thereof at the principal office of the Paying Agent. Except when the Bonds are held in book-entry form (see *"Book-Entry System"*), interest is payable (i) by bank check or draft mailed by first class mail on the Interest Payment Date to the Owners as of the Record Date or (ii) in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Bond if such account is maintained with the Paying Agent), but in respect of any Owner of Bonds in a Daily or Weekly Interest Rate Period only to any Owner which owns Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date and who has provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date.

Interest on each Bond is payable on each Interest Payment Date for each such Bond for the period commencing on the immediately preceding Interest Payment Date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such Interest Payment Date. Interest is computed, in the case of any Daily or Weekly Interest Rate Period, on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed.

RATE PERIODS

The term of the Bonds is divided into consecutive Rate Periods, during which such Bonds bear interest at a Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate.

WEEKLY INTEREST RATE PERIOD

*Determination of Weekly Interest Rate.* During each Weekly Interest Rate Period, the Bonds bear interest at the Weekly Interest Rate determined by the Remarketing Agent no later than the first day of such Weekly Interest Rate Period and thereafter no later than Tuesday of each week during such Weekly Interest Rate Period, unless any such Tuesday is not a Business Day, in which event the Weekly Interest Rate will be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday.

The Weekly Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the lowest

rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Weekly Interest Rate for any period, the Weekly Interest Rate will be the same as the Weekly Interest Rate for the immediately preceding week. The first Weekly Interest Rate determined for each Weekly Interest Rate Period applies to the period commencing on the first day of the Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate applies to the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period applies to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. In no event may the Weekly Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

*Adjustment to Weekly Interest Rate Period.* The interest rate borne by the Bonds may be adjusted to a Weekly Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice must specify the effective date of such adjustment to a Weekly Interest Rate, which must be a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee); *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Weekly Interest Rate Period may not precede such redemption date.

*Notice of Adjustment to Weekly Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Weekly Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Weekly Interest Rate Period. Such notice must state (a) that the interest rate on such Bonds will be adjusted to a Weekly Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Weekly Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DAILY INTEREST RATE PERIOD

*Determination of Daily Interest Rate.* During each Daily Interest Rate Period, the Bonds bear interest at the Daily Interest Rate determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for any day that is not a Business Day.

The Daily Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the lowest

rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Daily Interest Rate for any day by 10:00 a.m., New York time, the Daily Interest Rate for such day will be the same as the Daily Interest Rate for the immediately preceding Business Day. In no event may the Daily Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

*Adjustment to Daily Interest Rate Period.* The interest rate borne by the Bonds may be adjusted to a Daily Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice must specify the effective date of the adjustment to a Daily Interest Rate, which must be a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee); *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Daily Interest Rate Period may not precede such redemption date.

*Notice of Adjustment to Daily Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Daily Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Daily Interest Rate Period. Such notice must state (a) that the interest rate on such Bonds will be adjusted to a Daily Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Daily Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DETERMINATION CONCLUSIVE

The determination of the interest rates referred to above is conclusive and binding upon the Remarketing Agent, the Trustee, the Paying Agent, the Issuer, the Company and the Owners of the Bonds.

RESCISSION OF ELECTION

The Company may rescind any election by it to adjust to a Rate Period prior to the effective date of such adjustment by giving written notice of rescission to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) prior to such effective date. At the time the Company gives notice of the rescission, it may also elect in such notice to continue the Rate Period then in effect. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the change in Rate Periods, then such notice of change in Rate Periods is of no force and effect and will not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment or an attempted adjustment

from one Rate Period to another Rate Period does not become effective for any other reason, then the Rate Period for the Bonds will automatically adjust to or continue in a Daily Interest Rate Period and the Trustee will immediately give notice thereof to the Owners of the Bonds. If a Daily Interest Rate for the first day of any Daily Interest Rate Period to which a Rate Period is adjusted in accordance with this paragraph is not determined as described in "-Daily Interest Rate Period-Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). The Trustee will immediately give written notice of each such automatic adjustment to a Rate Period as described in this paragraph to the Owners.

Notwithstanding the rescission by the Company of any notice to adjust or continue a Rate Period, if notice has been given to Owners of such adjustment or continuation, the Bonds are subject to mandatory purchase as specified in such notice.

OPTIONAL PURCHASE

*Weekly Interest Rate Period.* During any Weekly Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Wednesday, or if such Wednesday is not a Business Day, the next succeeding Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable written notice or telephonic notice (promptly confirmed by telecopy or other writing) by 5:00 p.m., New York time, on any Business Day, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and the date on which such Bond is to be purchased, which date may not be prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on the purchase date specified in such notice.

*Daily Interest Rate Period.* During any Daily Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee and to the Remarketing Agent at the Principal Office of the Remarketing Agent, not later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written or telephonic notice (promptly confirmed by telecopy or other writing), which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and the date of such purchase; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on such purchase date.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE BENEFICIAL OWNER OF THE BONDS THROUGH ITS DIRECT PARTICIPANT (AS HEREINAFTER DEFINED) MUST GIVE NOTICE TO THE TRUSTEE TO ELECT TO HAVE SUCH BONDS PURCHASED, AND MUST EFFECT DELIVERY OF SUCH BONDS BY CAUSING SUCH DIRECT PARTICIPANT TO TRANSFER ITS INTEREST IN THE BONDS EQUAL TO SUCH BENEFICIAL OWNER'S INTEREST ON THE RECORDS OF DTC TO THE TRUSTEE'S PARTICIPANT ACCOUNT WITH DTC. THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DTC PARTICIPANTS ON THE RECORDS OF DTC. SEE "—BOOK-ENTRY SYSTEM."

MANDATORY PURCHASE

The Bonds are subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the purchase date described below, upon the occurrence of any of the events stated below:

(a) on the effective date of any change in a Rate Period; or

(b) on the Business Day preceding an Expiration of the Term of the Letter of Credit or an Expiration of the Term of an Alternate Credit Facility; or

(c) on the next succeeding Business Day following the day that the Trustee receives notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that, following a drawing on the Letter of Credit or the Alternate Credit Facility on an Interest Payment Date for the payment of unpaid interest on the Bonds, the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms.

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (b) of the preceding paragraph, the Trustee will give notice by mail to the Remarketing Agent and the Owners of the Bonds of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, not less than 15 days prior to the Expiration of the Term of the Letter of Credit or the Expiration of

the Term of an Alternate Credit Facility, as the case may be, which notice must (a) describe generally the Letter of Credit or any Alternate Credit Facility in effect prior to such Expiration, and any Alternate Credit Facility to be in effect upon such Expiration and state the effect date and the name of the provider thereof; (b) state the date of the Expiration; (c) state the rating or ratings, if any, which the Bonds are expected to receive from any rating agency following such Expiration; (d) state that the Bonds are subject to mandatory purchase; (e) state the purchase date; and (f) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the New York office designated by the Trustee as the "Delivery Office of the Trustee."

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (c) of the preceding paragraph, the Trustee will, immediately upon receipt of notice from the Bank or the Obligor on a Alternate Credit Facility, as the case may be, that the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms, give notice electronically and notice by overnight mail service to the Remarketing Agent and to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar, which notice shall (a) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such mandatory purchase; (b) state that the Letter of Credit or the Alternate Credit Facility, as the case may be, is not being reinstated in accordance with its terms; (c) state that the Bonds are subject to mandatory purchase; (d) state the purchase date; and (e) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the Delivery Office of the Trustee.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, NOTICES OF MANDATORY PURCHASE OF BONDS WILL BE GIVEN BY THE TRUSTEE TO DTC ONLY, AND NEITHER THE ISSUER, THE TRUSTEE, THE COMPANY NOR THE REMARKETING AGENT HAS ANY RESPONSIBILITY FOR THE DELIVERY OF ANY SUCH NOTICES BY DTC TO ANY DIRECT PARTICIPANTS OF DTC, BY ANY DIRECT PARTICIPANTS TO ANY INDIRECT PARTICIPANTS OF DTC OR BY ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO BENEFICIAL OWNERS OF THE BONDS. FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON THE RECORDS OF DTC. SEE "BOOK-ENTRY SYSTEM."

PURCHASE OF BONDS

On the date on which Bonds are delivered to the Trustee for purchase as specified above under "—Optional Purchase" or "—Mandatory Purchase," the Trustee will pay the purchase price of such Bonds solely from the following sources in the order of priority indicated, and the Trustee has no obligation to use funds from any other source:

(a) Available Moneys (as hereinafter defined) furnished by the Company to the Trustee for the purchase of Bonds;

(b) proceeds of the sale of such Bonds (other than Bonds sold to the Company, any subsidiary of the Company, any guarantor of the Company, or the Issuer

or any "insider" (as defined in the United States Bankruptcy Code) of any of the aforementioned) by the Remarketing Agent;

(c) Available Moneys or moneys provided pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, for the payment of the purchase price of the Bonds furnished by the Trustee pursuant to the Indenture for the purchase of Bonds deemed paid in accordance with the defeasance provisions of the Indenture;

(d) moneys furnished pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, to the Trustee for the payment of the purchase price of the Bonds; and

(e) any other moneys furnished by the Company to the Trustee for purchase of the Bonds;

*provided, however,* that funds for the payment of the purchase price of defeased Bonds may be derived only from the sources described in (c) above.

*"Available Moneys"* means (a) during such time as a Letter of Credit or an Alternate Credit Facility is in effect, (i) moneys on deposit in trust with the Trustee as agent and bailee for the Owners of the Bonds for a period of at least 123 days prior to and during which no petition in bankruptcy or similar insolvency proceeding has been filed by or against the Company or the Issuer (or any subsidiary of the Company, any guarantor of the Company or any insider (as defined in the United States Bankruptcy Code), to the extent that such moneys were deposited by any of such subsidiary, guarantor or insider) or is pending (unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal) and (ii)(A) proceeds of the issuance of refunding bonds (including proceeds from the investment thereof), and (B) any other moneys, if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Company (which opinion shall be in a form acceptable to the Trustee, to Moody's, if the Bonds are then rated by Moody's, and to S&P, if the Bonds are then rated by S&P and shall be delivered to the Trustee at or prior to the time of the deposit of such proceeds with the Trustee), the deposit and use of such proceeds (referred to in clause (A) above) or other moneys (referred to in clause (B) above) will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event either the Issuer or the Company were to become a debtor under the United States Bankruptcy Code, and (b) at any time that a Letter of Credit or an Alternate Credit Facility is not in effect, any moneys on deposit with the Trustee as agent and bailee for the Owners of the Bonds and proceeds from the investment thereof.

REMARKETING OF BONDS

The Remarketing Agent will offer for sale and use its best efforts to remarket any Bond subject to purchase pursuant to the optional or mandatory purchase provisions described above, any such remarketing to be made at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Company may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some or all of the Bonds.

Anything in the Indenture to the contrary notwithstanding, at any time during which the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, there will be no sales of Bonds as described in the preceding paragraph, if (a) there has occurred and has not been cured or waived an Event of Default described in paragraphs (a), (b) or (c) under the caption "THE INDENTURE—Defaults" of which the Remarketing Agent and the Trustee have actual knowledge or (b) the Bonds have been declared to be immediately due and payable as described under the caption "THE INDENTURE—Remedies" and such declaration has not been rescinded pursuant to the Indenture.

OPTIONAL REDEMPTION OF BONDS

Bonds may be redeemed at the option of the Company (but only with consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)), in whole, or in part by lot, prior to their maturity date on any Business Day during a Daily Interest Rate Period or Weekly Interest Rate Period, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption.

EXTRAORDINARY OPTIONAL REDEMPTION OF BONDS

At any time, the Bonds are subject to redemption at the option of the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)) in whole or in part (and if in part, by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, upon receipt by the Trustee of a written notice from the Company stating that any of the following events has occurred and that the Company therefore intends to exercise its option to prepay the payments due under the Loan Agreement in whole or in part and thereby effect the redemption of the Bonds in whole or in part to the extent of such prepayments:

(a) the Company has determined that the continued operation of the Plant is impracticable, uneconomical or undesirable for any reason; or

(b) the Company has determined that the continued operation of the Project is impracticable, uneconomical or undesirable due to (i) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as the Project, or other liabilities or burdens with respect to the Project or the operation thereof, (ii) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (iii) destruction of or damage to all or part of the Project; or

(c) all or substantially all of the Project or the Plant has been condemned or taken by eminent domain; or

(d) the operation of the Project or the Plant has been enjoined or has otherwise been prohibited by, or conflicts with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

SPECIAL MANDATORY REDEMPTION OF BONDS

The Bonds are subject to mandatory redemption at 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption upon the occurrence of the following events.

The Bonds will be redeemed in whole within 180 days following a *"Determination of Taxability"* as defined below; *provided* that, if in the opinion of nationally recognized bond counsel (*"Bond Counsel"*) delivered to the Trustee, the redemption of a specified portion of the Bonds outstanding would have the result that interest payable on the Bonds remaining outstanding after such redemption would remain Tax-Exempt, then the Bonds will be redeemed in part by lot (in Authorized Denominations) in such amount as Bond Counsel in such opinion has determined is necessary to accomplish that result. A *"Determination of Taxability"* is deemed to have occurred if, as a result of an Event of Taxability (as defined below), a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Bond is or was includible in the gross income of an owner of the Bonds for federal income tax purposes under the Code (other than an owner who is a *"substantial user"* or *"related person"* within the meaning of Section 103(b)(13) of the 1954 Code). However, no such decree or action will be considered final for this purpose unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any owner of a Bond, and until conclusion of any appellate review, if sought. If the Trustee receives written notice from any owner stating (a) that the owner has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Bond in the gross income of such owner for the reasons described therein or any other proceeding has been instituted against such owner which may lead to a final decree or action as described in the Loan Agreement, and (b) that such owner will afford the Company the opportunity to contest the same, either directly or in the name of the owner, until a conclusion of any appellate review, if sought, then the Trustee will promptly give notice thereof to the Company, the Insurer, if any, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Issuer and the owner of each Bond then outstanding. If a final decree or action as described above thereafter occurs and the Trustee has received written notice thereof at least 45 days prior to the redemption date, the Trustee will make the required demand for prepayment of the amounts payable under the Loan Agreement for prepayment of the Bonds and give notice of the redemption of the Bonds at the earliest practical date, but not later than the date specified in the Loan Agreement, and in the manner provided by the Indenture. An *"Event of Taxability"* means the failure of the Company to observe any covenant, agreement or representation in the Loan Agreement, which failure results in a Determination of Taxability.

PROCEDURE FOR AND NOTICE OF REDEMPTION

If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected by the Trustee, by lot. In selecting Bonds for redemption, the Trustee will treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of each Bond by the minimum Authorized Denomination. Any Bonds selected for redemption which are deemed to be paid in accordance

with the provisions of the Indenture will cease to bear interest on the date fixed for redemption. Subject to the procedures described below under "—Book-Entry System" for Bonds held in book-entry form, upon presentation and surrender of such Bonds at the place or places of payment, such Bonds will be paid and redeemed. Notice of redemption will be given by mail as provided in the Indenture, at least 30 days and not more than 60 days prior to the redemption date, provided that the failure to duly give notice by mailing to any Owner, or any defect therein, does not affect the validity of any proceedings for the redemption of any other of the Bonds. Such notice will also be sent to the Remarketing Agent, the Bank or the Obligor on an Alternate Credit Facility, as the case may be, the Company Mortgage Trustee, Moody's (if the Bonds are then rated by Moody's), S&P (if the Bonds are then rated by S&P), securities depositories and bond information services.

With respect to notice of any optional redemption of the Bonds, as described above, unless upon the giving of such notice, such Bonds are deemed to have been paid within the meaning of the Indenture, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of Available Moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed. If such Available Moneys are not so received, the redemption will not be made and the Trustee will give notice, in the manner in which the notice of redemption was given, that such redemption will not take place.

Notwithstanding the foregoing provisions, Pledged Bonds shall be redeemed prior to any other Bonds.

## SPECIAL CONSIDERATIONS RELATING TO THE BONDS

*The Remarketing Agent is Paid by the Company.* The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Indenture and the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agent is appointed by the Company and paid by the Company for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Bonds.

*The Remarketing Agent May Purchase Bonds for Its Own Accounts.* The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own accounts. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own accounts and, in its sole discretion, may acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective

ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

*Bonds May Be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.* Pursuant to the Indenture and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own accounts). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

*The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited.* The Remarketing Agent may buy and sell 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 Holders that wish to tender their Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

*The Remarketing Agent May Resign, be Removed or Cease Remarketing the Bonds, Without a Successor Being Named.* Under certain circumstances the 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 Indenture and the Remarketing Agreement.

BOOK-ENTRY SYSTEM

*The following information in this section concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry system has been furnished for use in the Reoffering Circular by DTC. None of the Company, the Issuers or the Remarketing Agent take any responsibility for the accuracy of such information.*

DTC will act as securities depository for the Bonds. The Bonds were issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds of each issue, in the aggregate

principal amount thereof, and will be deposited with DTC. One fully-registered Bond was issued for each issue of the Bonds, in the aggregate principal amount of such issue, and was deposited with DTC.

DTC, the world's largest securities 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 whole-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 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct 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 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such

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.

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. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the Bonds within an issue 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.

As long as the book-entry system is used for the Bonds, redemption notices will be sent to Cede & Co. If less than all of the Bonds of any issue 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is used for the Bonds, principal or purchase price of and premium, if any, and interest payments on, the 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 fund and corresponding detailed information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Company, the Paying Agent, the Trustee, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants are the responsibility of DTC, and disbursement of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants.

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

None of the Issuer, the Company, the Remarketing Agent, the Trustee nor the Paying Agent will have any responsibility or obligation to any securities depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the securities depository or any Participant; (b) the payment by the securities depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption of, or interest on, any Bonds; (c) the delivery of any notice by the securities depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the securities depository or any Participant.

## THE LETTERS OF CREDIT AND THE CREDIT AGREEMENT

*Each Letter of Credit will operate independently. A default under a Letter of Credit with respect to the Bonds of one issue may not, in and of itself, constitute a default under a Letter of Credit with respect to the Bonds of any other issue; however, the same occurrence may constitute a default under the Letter of Credit with respect to Bonds of more than one issue. The Letters of Credit contain substantially identical terms, and the following is a summary of certain provisions common to the Letters of Credit. All references in this summary to the Issuer, the Trustee, the Bank, the Remarketing Agent, the Letter of Credit, the Indenture, the Loan Agreement, the Bonds and other documents and parties are deemed to refer to the Issuer, the Trustee, the Bank, the Remarketing Agent, the Letter of Credit, the Indenture, the Bonds and such other documents and parties, respectively, relating to each issue of the Bonds.*

### LETTERS OF CREDIT

On the date of reoffering of the Bonds, the Bank will issue in favor of the Trustee a separate Letter of Credit for each Series of the Bonds in the form of a direct pay letter of credit. Each Letter of Credit will be issued in the aggregate principal amount of the applicable Bonds

plus 48 days' interest at 12% per annum, on the basis of a 365 day year (as from time to time reduced and reinstated as provided in the Letter of Credit). Each Letter of Credit will permit the Trustee to draw up to an amount equal to the then outstanding principal amount of the related Series of Bonds to pay the unpaid principal thereof and accrued interest on such Bonds, subject to the terms, conditions and limitations stated therein. The Letter of Credit for each issue of the Bonds will be substantially in the form attached hereto as APPENDIX E.

Each Letter of Credit will expire on September 22, 2011, but will be automatically extended, without written amendment, to, and shall expire on, September 22, 2012, unless on or before August 24, 2011, notice is received by the Trustee stating that the Bank elects not to extend such Letter of Credit beyond September 22, 2011. The date on which a Letter of Credit expires as described in the preceding sentence, or if such date is not a Business Day then the first succeeding Business Day thereafter is defined in each Letter of Credit as the Expiration Date. As used in the Letter of Credit, the term "Business Day" means a day on which the U.S. Trade Services, Standby Letter of Credit Office of the Bank in San Francisco, California, is open for business.

Each drawing honored by the Bank under a Letter of Credit will immediately reduce the available amount thereunder by the amount of such drawing. Any drawing to pay interest will be automatically reinstated on the eighth (8th) Business Day following the date such drawing is honored by the Bank, unless the Company shall have received notice from the Bank no later than seven (7) Business Days after such drawing is honored that there shall be no such reinstatement. Any drawing to pay the purchase price of a Bond shall be reinstated if the Bonds related to such drawing are remarketed and the remarketing proceeds are paid to the Bank prior to the Expiration Date in an amount equal to the sum of (i) the amount paid to the Bank from such remarketing proceeds and (ii) interest on such amount. See APPENDIX E.

CREDIT AGREEMENT

*General.* The Company is party to that certain $635,000,000 Credit Agreement, dated October 23, 2007, as amended and supplemented, among the Company, the financial institutions party thereto, the Administrative Agent (as defined below) and The Royal Bank of Scotland plc, as syndication agent (together with all related documents, the *"Credit Agreement"*). In addition, the Company has executed and delivered a Letter of Credit Agreement requesting that the Bank issue a letter of credit for the Bonds and governing the issuance thereof. Each Letter of Credit is issued pursuant to the Credit Agreement.

The Credit Agreement defines the relationship between the Company and the financial institutions party thereto, including the Bank; neither the Issuer nor the Trustee has any interest in the Credit Agreement or in any of the funds or accounts created under it. Under the Credit Agreement, the Company has agreed to reimburse the Bank for any drawings under a Letter of Credit, to pay certain fees and expenses, to pay interest on any unreimbursed drawings or other amounts unpaid, and to reimburse the Bank for certain other costs and expenses incurred.

*Defined Terms*. Capitalized terms used in this section and in the Credit Agreement, as applicable, that are not otherwise defined in this Reoffering Circular will have the meanings set forth below.

*"Administrative Agent"* means Union Bank, N.A., in its capacity as administrative agent for the Syndicate Banks and its successors in such capacity.

*"Commitment"* means (i) with respect to any Syndicate Bank listed on the signature pages to the Credit Agreement, the amount set forth opposite its name on the commitment schedule as its Commitment and (ii) with respect to each additional Syndicate Bank or assignee which becomes a Syndicate Bank pursuant to the Credit Agreement, the amount of the Commitment thereby assumed by it, in each case as such amount may from time to time be reduced or increased pursuant to the Credit Agreement.

*"Debt"* of any Person means at any date, without duplication, (i) all obligations of such Person for borrower money, (ii) all obligations of such Person evidenced by bonds (other than surety bonds), debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all Capitalized Lease Obligations (as defined in the Credit Agreement) of such Person, (v) all non-contingent reimbursement, indemnity or similar obligations of such Person in respect of amounts paid under a letter of credit, surety bond or similar instrument, (vi) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vii) all Debts of others Guaranteed (as defined in the Credit Agreement) by such Person.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

*"ERISA Group"* means all members of a controlled group of corporations and all trades or business (whether or not incorporated) under common control which, together with Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

*"Issuing Bank"* means any Syndicate Bank designated by Company that may agree to issue letters of credit pursuant to an instrument in form reasonably satisfactory to the Administrative Agent, each in its capacity as an issuer of a letter of credit under the Credit Agreement.

*"Loans"* means Committed Loans or Competitive Bid Loans (as such terms are defined in the Credit Agreement) or any combination of the foregoing pursuant to the Credit Agreement.

*"Material Debt"* means Debt of the Company arising under a single or series of related instruments or other agreements exceeding $35,000,000 in principal amount.

*"PBGC"* means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

*"Person"* means any individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

*"Reimbursement Obligations"* means, if Commitments remain in effect on the date payment is made by the Issuing Bank, all such amounts paid by an Issuing Bank and remaining unpaid by the Company after the date and time required for payment under the Credit Agreement.

*"Required Banks"* means at any time Syndicate Banks having more than 50% of the total Commitments under the Credit Agreement, or if the Commitments shall have been terminated, holding more than 50% of the sum of the outstanding Loans and letter of credit liabilities.

*"Syndicate Bank"* or *"Syndicate Banks"* means, individually or collectively, each bank or other financial institution listed on the signature pages to the Credit Agreement, each assignee which becomes a Syndicate Bank pursuant to the Credit Agreement, and their respective successors.

*Events of Default and Remedies.* Any one or more of the following events constitute an event of default (an *"Event of Default"*) under the Credit Agreement:

(a) the Company shall fail to pay when due any principal of any Loan or any Reimbursement Obligation or shall fail to pay, within five days of the due date thereof, any interest, commitment fees or facility fees payable hereunder or shall fail to cash collateralize any letter of credit pursuant to the Credit Agreement;

(b) the Company shall fail to pay any other amount claimed by one or more Syndicate Banks under the Credit Agreement within five days of the due date thereof, unless (i) such claim is disputed in good faith by the Company, (ii) such unpaid claimed amount does not exceed $100,000 and (iii) the aggregate of all such unpaid claimed amounts does not exceed $300,000;

(c) the Company shall fail to observe or perform certain specified financial covenants contained in the Credit Agreement;

(d) the Company shall fail to observe or perform any covenant or agreement contained in the Credit Agreement (other than those covered by clause (a), (b) or (c) above) for 15 days after written notice thereof has been given to the Company by the Administrative Agent at the request of any Syndicate Bank;

(e) any representation, warranty, certification or statement made by the Company in the Credit Agreement or in any certificate, financial statement or other document delivered pursuant to the Credit Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(f) the Company shall fail to make any payment in respect of any Material Debt (other than Loans or any Reimbursement Obligation) or Material Hedging Obligations (as defined in the Credit Agreement) when due or within any applicable grace period;

(g) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Company or enables the holder of such Material Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(h) the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property; or shall consent to any such relief or to the appoint of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect;

(j) the Company or any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $25,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate certain material plans identified in the Credit Agreement (each a *"Material Plan"*) shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability in excess of $25,000,000 (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any multiemployer plan (identified in the Credit Agreement) against any member of the ERISA Group to enforce Section 515 or 4219(c)(5) of ERISA in respect of an amount or amounts aggregating in excess of $25,000,000, and such proceeding shall not have been dismissed within 20 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which would cause one or more members of the ERISA Group to incur a current payment obligation in excess of $25,000,000;

(k) a judgment or order for the payment of money in excess of $25,000,000 shall be rendered against the Company and such judgment or order shall continue unsatisfied and unstayed for a period of 30 days;

(l) MidAmerican Energy Holdings Company or any wholly-owned subsidiary thereof that owns common stock of the Company (*"MidAmerican"*) shall fail to own (directly or indirectly through one or more Subsidiaries) at least 80% of the outstanding shares of common stock of the Company; any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended), except Berkshire Hathaway Inc. or any wholly-owned subsidiary thereof, shall acquire a beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 35% or more of the outstanding shares of common stock of MidAmerican; or, during any period of 14 consecutive calendar months commencing on or after March 21, 2006, individuals who were directors of the Company on the first day of such period and any new director whose election by the board of directors of the Company or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the applicable period or whose election or nomination for election was previously so approved, shall cease to constitute a majority of the board of directors of the Company.

Upon the occurrence of any Event of Default under the Credit Agreement, the Administrative Agent shall (i) if requested by the Required Banks, by notice to the Company terminate the Commitments and the obligation of each Syndicate Bank to make Loans thereunder and the obligation of each Issuing Bank to issue any letter of credit thereunder and such obligations to make Loans and issue new letters of credit shall thereupon terminate, and (ii) if requested by the Required Banks, by notice to the Company declare the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the Credit Agreement to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; *provided* that in the case of any of the Events of Default specified in clause (h) or (i) above with respect to the Company, without any notice to the Company or any other act by the Administrative Agent or the Syndicate Banks, the Commitments shall thereupon terminate and the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the Credit Agreement shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

The Company agrees, in addition to the Events of Default provisions above, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the Administrative Agent upon the instruction of the Required Banks or any Issuing Bank having an outstanding letter of credit issued under the Credit Agreement, pay to the Administrative Agent an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Administrative Agent) equal to the aggregate amount available for drawing under all letters of credit issued under the Credit Agreement outstanding at such time

(or, in the case of a request by an Issuing Bank, all such letters of credit issued by it); provided that, upon the occurrence of any Event of Default specified in clause (h) or (i) above with respect to the Company, and on the scheduled termination date of the Credit Agreement, the Company shall pay such amount forthwith without any notice or demand or any other act by the Administrative Agent, any Issuing Bank or any Syndicate Bank.

## THE LOAN AGREEMENTS

*Each Loan Agreement will operate independently. A default under one Loan Agreement will not necessarily constitute a default under the other Loan Agreements; however, the same occurrence that constitutes a default under one Loan Agreement may also constitute a default under the other Loan Agreement. The Loan Agreements contain substantially identical terms, and the following is a summary of certain provisions common to the Loan Agreements. All references in this summary to the Issuer, the Bank, the Loan Agreement and payments thereunder, the Indenture, the Letter of Credit, the Bonds, the Prior Bonds, the Facilities, the Project and other documents and parties are deemed to refer to the Issuer, the Bank, the Loan Agreement and such payments, the Indenture, the Letter of Credit, the Bonds, the Prior Bonds, the Facilities, the Project and such other documents and parties, respectively, relating to each issue of the Bonds.*

### ISSUANCE OF THE BONDS; LOAN OF PROCEEDS

The Issuer issued the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to finance or refinance, as the case may be, a portion of the Company's share of the costs of acquiring and improving the Project. The proceeds of the sale of the Bonds have been used to refund the Prior Bonds.

### LOAN PAYMENTS; THE FIRST MORTGAGE BONDS

As and for repayment of the loan made to the Company by the Issuer, the Company will pay to the Trustee, for the account of the Issuer, an amount equal to the principal of, premium, if any, and interest on the Bonds when due on the dates, in the amounts and in the manner provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds, whether at maturity, upon redemption, acceleration or otherwise (*"Loan Payments"*); *provided, however,* that the obligation of the Company to make any such Loan Payment will be reduced by the amount of any reduction under the Indenture of the amount of the corresponding payment required to be made by the Issuer thereunder; and *provided further* that the obligation of the Company to make any such payment is deemed to be satisfied and discharged to the extent of the corresponding payment made (i) by the Bank to the Trustee under the Letter of Credit, (ii) by the Obligor on an Alternate Credit Facility to the Trustee under such Alternate Credit Facility or (iii) by the Company of principal of or premium, if any, or interest on the First Mortgage Bonds.

The Company's obligation to repay the loan made to it by the Issuer may be secured by First Mortgage Bonds delivered to the Trustee equal in principal amount to, and bearing interest at the same rate and maturing on the same date as, the Bonds. The payments to be made by the

Company pursuant to the Loan Agreement and the First Mortgage Bonds are pledged under the Indenture by the Issuer to the Trustee, and the Company is to make all payments thereunder and thereon directly to the Trustee. **At this time, the Company has not delivered any First Mortgage Bonds to secure the payment of any Series of the Bonds.**

In the event the Company has delivered its First Mortgage Bonds, pursuant to the Loan Agreement, the Company may provide for the release of its First Mortgage Bonds by delivering to the Trustee collateral in substitution for the First Mortgage Bonds (*"Substitute Collateral"*), but only if the Company, on the date of delivery of such Substitute Collateral, simultaneously delivers to the Trustee (a) an opinion of Bond Counsel stating that delivery of such Substitute Collateral and release of the First Mortgage Bonds complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds; (b) written evidence from the Insurer, if any, and from each Bank to the effect that they have reviewed the proposed Substitute Collateral and find it to be acceptable; and (c) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the Substitute Collateral and that the release of the First Mortgage Bonds and the substitution of the Substitute Collateral for the First Mortgage Bonds will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's rating or ratings of the Bonds.

PAYMENTS OF PURCHASE PRICE

The Company will pay or cause to be paid to the Trustee amounts equal to the amounts to be paid by the Trustee pursuant to the Indenture for the purchase of outstanding Bonds thereunder (see "THE BONDS-Optional Purchase" and "—Mandatory Purchase"), such amounts to be paid to the Trustee as the purchase price for the Bonds tendered for purchase pursuant to the Indenture, on the dates such payments are to be made; *provided, however,* that the obligation of the Company to make any such payment under the Loan Agreement will be reduced by the amount of any moneys held by the Trustee under the Indenture and available for such payment.

From the date of delivery of the Letter of Credit to and including the Interest Payment Date next preceding the Expiration of the Term of the Letter of Credit (or the Expiration of the Term of an Alternate Credit Facility, as the case may be), the Company will provide for the payment of the amounts to be paid by the Trustee for the purchase of Bonds by providing for the delivery of the Letter of Credit (or an Alternate Credit Facility, as the case may be) to the Trustee. The Trustee has been directed to take such actions as may be necessary in accordance with the provisions of the Indenture and the Letter of Credit (or an Alternate Credit Facility, as the case may be), to obtain the moneys necessary to pay the purchase price of Bonds when due.

OBLIGATION ABSOLUTE

The Company's obligation to make payments under the Loan Agreement and otherwise on the First Mortgage Bonds is absolute, irrevocable and unconditional and is not subject to cancellation, termination or abatement, or to any defense other than payment, or to any right of setoff, counterclaim or recoupment arising out of any breach under the Loan Agreement or the Indenture or otherwise by the Company, the Trustee, the Remarketing Agent, any Insurer, the

Bank (or the Obligor on an Alternate Credit Facility, as the case may be), or any other party or out of any obligation or liability at any time owing to the Company by any such party.

EXPENSES

The Company is obligated to pay reasonable compensation and to reimburse certain expenses and advances of the Issuer, the Trustee, the Registrar, the Remarketing Agent, the Paying Agent, Moody's and S&P directly to such entity.

TAX COVENANTS; TAX-EXEMPT STATUS OF BONDS

The Company covenants that the Bond proceeds, the earnings thereon and other moneys on deposit with respect to the Bonds will not be used in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

The Company covenants that it has not taken, and will not take, or permit to be taken on its behalf, any action which would adversely affect the Tax-Exempt status of the Bonds and will take, or require to be taken, such action as may, from time to time, be required under applicable law or regulation to continue to cause the Bonds to be Tax-Exempt. See "TAX EXEMPTION."

OTHER COVENANTS OF THE COMPANY

*Maintenance of Existence; Conditions Under Which Exceptions Permitted.* The Company covenants that it will maintain in good standing its corporate existence as a corporation organized under the laws of one of the states of the United States or the District of Columbia and will remain duly qualified to do business in the State of the Issuer, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; *provided, however,* that the Company may, without violating the foregoing, undertake from time to time any one or more of the following, if, prior to the effective date thereof, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that the contemplated action will not adversely affect the Tax-Exempt status of the Bonds: (a) consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia), or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, *provided* the resulting, surviving or transferee corporation, as the case may be, must be the Company or a corporation qualified to do business in the State of the Issuer as a foreign corporation or incorporated and existing under the laws of the State of the Issuer, which as a result of the transaction has assumed (either by operation of law or in writing) all of the obligations of the Company under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement; or (b) convey all or substantially all of its assets to one or more wholly owned subsidiaries of the Company so long as the Company remains in existence and primarily liable on all of its obligations under the Loan Agreement and such subsidiary or subsidiaries to which such assets are so conveyed guarantees in writing the performance of all of the Company's obligations under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement.

*Assignment.* With the consent of the Bank (or the Obligor on an Alternate Credit Facility), the Company's interest in the Loan Agreement may be assigned in whole or in part by the Company to another entity, subject, however, to the conditions that no assignment will (a) adversely affect the Tax-Exempt status of the Bonds or (b) relieve (other than as described in *"Maintenance of Existence; Conditions Under Which Exceptions Permitted"* above) the Company from primary liability for its obligations to pay the First Mortgage Bonds or to make the Loan Payments or to make payments to the Trustee with respect to payment of the purchase price of the Bonds or for any other of its obligations under the Loan Agreement; and subject further to the condition that the Company has delivered to the Trustee and the Bank (or the Obligor on an Alternate Credit Facility an opinion of counsel to the Company that such assignment complies with the provisions described in this paragraph and an opinion of Bond Counsel to the effect that the proposed assignment will not impair the validity of the Bonds under the Act, or adversely affect the Tax-Exempt status of the Bonds. The Company must, within 30 days after the delivery thereof, furnish to the Issuer and the Trustee a true and complete copy of the agreements or other documents effectuating any such assignment.

*Maintenance and Repair; Taxes, Etc.* The Company will maintain the Project in good repair, keep the same insured in accordance with standard industry practice and pay all costs thereof. The Company will pay or cause to be paid all taxes, special assessments and governmental, utility and other charges with respect to the Project.

The Company may at its own expense cause the Project to be remodeled or cause such substitutions, modifications and improvements to be made to the Facilities from time to time as the Company, in its discretion, may deem to be desirable for its uses and purposes, which remodeling, substitutions, modifications and improvements are included under the terms of the Loan Agreement as part of the Pollution Control Facilities; *provided, however,* that the Company may not exercise any such right, power, election or option if the proposed remodeling, substitution, modification or improvement would adversely affect the Tax-Exempt status of the Bonds.

The Company will cause insurance to be taken out and continuously maintained in effect with respect to the Pollution Control Facilities in accordance with standard industry practice.

Anything in the Loan Agreement to the contrary notwithstanding, the Company has the right at any time to cause the operation of the Pollution Control Facilities to be terminated if the Company has determined that the continued operation of the Project or the Pollution Control Facilities is uneconomical for any reason.

LETTER OF CREDIT; ALTERNATE CREDIT FACILITY

The Company may, at any time, at its option:

(a) provide for the delivery on any Business Day to the Trustee of an Alternate Credit Facility or a Substitute Letter of Credit, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states (I) the effective date of the Alternate Credit Facility or Substitute Letter of Credit to be so provided, and (II) the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Expiration shall not be prior to the effective date of the Alternate Credit Facility to be so provided), (B) describes the terms of the Alternate Credit Facility or Substitute Letter of Credit, (C) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (D) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be replaced, to the obligor thereon on the next Business Day after the later of the effective date of the Alternate Credit Facility or the Substitute Letter of Credit to be provided and the Expiration of the Term of the Letter of Credit or Expiration of the Term of the Alternate Credit Facility which is to be replaced and thereupon to deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied);

(ii) on the date of delivery of the Alternate Credit Facility or the Substitute Letter of Credit (which shall be the effective date thereof), the Company shall furnish to the Trustee simultaneously with such delivery of the Alternate Credit Facility or Substitute Letter of Credit (which delivery must occur prior to 9:30 a.m., New York time, on such date, unless a later time on such date shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility or Substitute Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax-Exempt status of the Bonds; and

(iii) in the case of the delivery of a Substitute Letter of Credit, the Company has received the written consent of the Bank or the Obligor on an Alternate Credit Facility; or

(b) provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated,

(B) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (C) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be terminated, to the obligor thereon on the next Business Day after the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated and to thereupon deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied); and

(ii) on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, which is to be terminated, the Company shall furnish to the Trustee (prior to 9:30 a.m., New York time, on such Business Day, unless a later time on such Business Day shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the termination of such Alternate Credit Facility or Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax-Exempt status of the Bonds.

EXTENSION OF A LETTER OF CREDIT

The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be, at any time provide for one or more extensions of the Letter of Credit or Alternate Credit Facility then in effect, as the case may be, for any period commencing after its then-current expiration date.

DEFAULTS

Each of the following events constitute an "Event of Default" under the Loan Agreement:

(a) a failure by the Company to make when due any Loan Payment, any payment required to be made to the Trustee for the purchase of Bonds or any payment on the First Mortgage Bonds, which failure has resulted in an "Event of Default" as described herein in paragraph (a), (b) or (c) under "THE INDENTURES—Defaults;"

(b) a failure by the Company to pay when due any amount required to be paid under the Loan Agreement or to observe and perform any other covenant, condition or agreement on the Company's part to be observed or performed under the Loan Agreement (other than a failure described in clause (a) above), which failure continues for a period of 60 days (or such longer period as the Issuer, the Bank (or the Obligor on

an Alternate Credit Facility, as the case may be) and the Trustee may agree to in writing) after written notice given to the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) by the Trustee or to the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be and the Trustee by the Issuer; *provided, however,* that if such failure is other than for the payment of money and cannot be corrected within the applicable period, such failure does not constitute an Event of Default so long as the Company institutes corrective action within the applicable period and such action is being diligently pursued; or

(c) certain events of bankruptcy, dissolution, liquidation or reorganization of the Company.

The Loan Agreement provides that, with respect to any Event of Default described in clause (b) above if, by reason of acts of God, strikes, orders of political bodies, certain natural disasters, civil disturbances and certain other events specified in the Loan Agreement, or any cause or event not reasonably within the control of the Company, the Company is unable in whole or in part to carry out one or more of its agreements or obligations contained in the Loan Agreement (other than certain obligations specified in the Loan Agreement, including its obligations to make when due Loan Payments and otherwise on the First Mortgage Bonds, payments to the Trustee for the purchase of Bonds, to pay certain expenses and taxes, to indemnify the Issuer, the Trustee and others against certain liabilities, to discharge liens and to maintain its existence), the Company will not be deemed in default by reason of not carrying out such agreements or performing such obligations during the continuance of such inability.

REMEDIES

Upon the occurrence and continuance of any Event of Default described in (a) or (c) under "Defaults" above, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds have been declared to be immediately due and payable pursuant to any provision of the Indenture, the Loan Payments will, without further action, become and be immediately due and payable. Any waiver of any Event of Default under the Indenture and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof. See "THE INDENTURES—Defaults." Upon the occurrence and continuance of any Event of Default arising from a "Default" as such term is defined in the Company Mortgage, the Trustee, as holder of the First Mortgage Bonds, will, subject to the provisions of the Indenture, have the rights provided in the Company Mortgage. Any waiver made in accordance with the Indenture of a "Default" under the Company Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof.

Upon the occurrence and continuance of any Event of Default under the Loan Agreement, the Issuer may take any action at law or in equity to collect any payments then due and thereafter to become due, or to seek injunctive relief or specific performance of any

obligation, agreement or covenant of the Company under the Loan Agreement and under the First Mortgage Bonds.

Any amounts collected from the Company upon an Event of Default under the Loan Agreement will be applied in accordance with the Indenture.

AMENDMENTS

The Loan Agreement may be amended subject to the limitations contained in the Loan Agreement and in the Indenture. See "THE INDENTURES—Amendment of the Loan Agreement."

## THE INDENTURES

*Each Indenture will operate independently. A default under one Indenture will not necessarily constitute a default under the other Indentures; however, the same occurrence that constitutes a default under one Indenture may also constitute a default under the other Indentures. The Indentures contain substantially identical terms, and the following is a summary of certain provisions common to the Indentures. All references in this summary to the Issuer, the Bank, the Loan Agreement and payments thereunder, the Indenture, the Bonds, the Bond Fund, the Letter of Credit, the Insurance Policy and other documents and parties are to the Issuer, the Bank, the Loan Agreement and such payments, the Indenture, the Bonds, the Bond Fund, the Letter of Credit, the Insurance Policy and such other documents and parties, respectively, relating to each issue of Bonds.*

PLEDGE AND SECURITY

Pursuant to the Indenture, the Loan Payments have been pledged by the Issuer to secure the payment of the principal of, and premium, if any, and interest on, the Bonds. The Issuer has also pledged and assigned to the Trustee all its rights and interests under the Loan Agreement (other than its rights to indemnification and reimbursement of expenses and certain other rights), including the Issuer's right to delivery of the First Mortgage Bonds, and has pledged to the Trustee all moneys and obligations deposited or to be deposited in the Bond Fund established with the Trustee; *provided* that the Trustee, the Remarketing Agent, the Paying Agent and the Registrar will have a prior claim on the Bond Fund for the payment of their compensation and expenses and for the repayment of any advances (plus interest thereon) made by them to effect performance of certain covenants in the Indenture if the Company has failed to make any payment which results in an Event of Default under the Loan Agreement.

APPLICATION OF PROCEEDS OF THE BOND FUND

The proceeds from the sale of the Bonds, excluding accrued interest, if any, were deposited with the trustee for the Prior Bonds and used to refund the Prior Bonds. There is created under the Indenture a Bond Fund to be held by the Trustee and therein established a Principal Account and an Interest Account. Payments made by the Company under the Loan Agreement and otherwise on the First Mortgage Bonds in respect of the principal of, premium, if

any, and interest on, the Bonds and certain other amounts specified in the Indenture are to be deposited in the appropriate account in the Bond Fund. While any Bonds are outstanding and except as provided in a Tax Exemption Certificate and Agreement among the Trustee, the Issuer and the Company (the *"Tax Certificate"*), moneys in the Bond Fund will be used solely for the payment of the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable at maturity, upon redemption or upon acceleration of maturity, subject to the prior claim of the Trustee, the Remarketing Agent, the Paying Agent and the Registrar to the extent described above in "Pledge and Security."

INVESTMENT OF FUNDS

Subject to the provisions of the Tax Certificate, moneys in the Bond Fund will, at the direction of the Company, be invested in securities or obligations specified in the Indenture. Gains from such investments will be credited, and any loss will be charged, to the particular fund or account from which the investments were made.

DEFAULTS

Each of the following events will constitute an "Event of Default" under the Indenture:

(a) subject to the Remarketing Agents efforts to remarket Pledged Bonds, a failure to pay the principal of, or premium, if any, on any of the Bonds when the same becomes due and payable at maturity, upon redemption or otherwise;

(b) subject to the Remarketing Agents efforts to remarket Pledged Bonds, a failure to pay an installment of interest on any of the Bonds for a period of one day after such interest has become due and payable;

(c) a failure to pay amounts due in respect of the purchase price of Bonds delivered to the Trustee for purchase after such payment has become due and payable as provided under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase;"

(d) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision contained in the Bonds or the Indenture (other than a failure described in clause (a), (b) or (c) above), which failure continues for a period of 90 days after written notice has been given to the Issuer and the Company by the Trustee, which notice may be given at the discretion of the Trustee and must be given at the written request of the Owners of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended prior to its expiration by the Trustee, or by the Trustee and the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be; *provided, however,* that the Trustee, or the Trustee and the Owners of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Issuer, or the Company on behalf of the Issuer, within such period and is being diligently pursued;

(e) an "Event of Default" under the Loan Agreement;

(f) a "Default" under the Company Mortgage; or

(g) the Trustee's receipt of written notice (which may be given by telefacsimile) from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) of an event of default under and as defined in the Reimbursement Agreement and stating that such notice is given pursuant to the Indenture.

REMEDIES

Upon the occurrence (without waiver or cure) of an Event of Default described in clause (a), (b), (c), (f) or (g) under "Defaults" above or an Event of Default described in clause (e) under "Defaults" above resulting from an "Event of Default" under the Loan Agreement as described under clause (a) or (c) of "THE LOAN AGREEMENT—Defaults" herein, and further upon the conditions that, if (a) in accordance with the terms of the Company Mortgage, the First Mortgage Bonds have become immediately due and payable pursuant to any provision of the Company Mortgage and (b) there has been filed with the Trustee a written direction of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default has occurred and is continuing), then the Bonds will, without further action, become immediately due and payable and, during the period the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, with accrued interest on the Bonds payable on the Bond Payment Date fixed as described in the Indenture and the Trustee will as promptly as practicable draw moneys under the Letter of Credit or an Alternate Credit Facility, as the case may be, to the extent available thereunder, in an amount sufficient to pay principal of and accrued interest on the Bonds payable on the Bond Payment Date established as described in the Indenture; *provided* that any waiver of any "Default" under the Company Mortgage and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Indenture and rescission and annulment of the consequences thereof.

The provisions described in the preceding paragraph are subject further to the condition that if, so long as no Letter of Credit or Alternate Credit Facility is outstanding, after the principal of the Bonds have been so declared to be due and payable and before any judgment or decree for the payment of the moneys due have been obtained or entered as hereinafter provided, the Issuer will cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and such amount as are sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture (other than nonpayment of the principal of Bonds which has become due by said declaration) has been remedied, then, in every such case, such Event of Default is deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer and the Company and will give notice thereof to Owners of the Bonds by first-class mail; *provided, however,* that no such

waiver, rescission and annulment will extend to or affect any other Event of Default or subsequent Event of Default or impair any right, power or remedy consequent thereon.

The provisions described in the second preceding paragraph are, further, subject to the condition that, if an Event of Default described in clause (g) under "Defaults" above has occurred and if the Trustee thereafter has received written notice from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (a) that the notice which caused such Event of Default to occur has been withdrawn and (b) that the amounts available to be drawn on the Letter of Credit (or the Alternate Credit Facility, as the case may be) to pay (i) the principal of the Bonds or the portion of purchase price equal to principal and (ii) interest on the Bonds and the portion of purchase price equal to accrued interest have been reinstated to an amount equal to the principal amount of the Bonds Outstanding plus accrued interest thereon for the applicable Interest Coverage Period at the Interest Coverage Rate, then, in every such case, such Event of Default is deemed waived and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer, the Company, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Remarketing Agent, and, if notice of the acceleration of the Bonds has been given to the Owners of Bonds, will give notice thereof by Mail to all Owners of Outstanding Bonds; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Upon the occurrence and continuance of any Event of Default under the Indenture, the Trustee may, with the consent of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its policy is in effect and no Insurer Default has occurred and is continuing), and upon the written direction of the Owners of not less than 25% in principal amount of the Bonds outstanding and receipt of indemnity to its satisfaction (except against gross negligence or willful misconduct) must, pursue any available remedy to enforce the rights of the Owners of the Bonds and require the Company, the Issuer, the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) to carry out any agreements, bring suit upon the Bonds or enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds. So long as an Insurer Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Insurer is entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture. So long as a Bank Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Bank is entitled to control and direct the enforcement of all rights and remedies granted to the owners or the Trustee for the benefit of Owners under the Indenture. The Trustee is not required to take any action in respect of an Event of Default (other than, in certain circumstances, to declare the Bonds to be immediately due and payable, to notify the Insurer of payments to be made pursuant to the Insurance Policy, to make certain payments with respect to the Bonds and to draw on the Letter of Credit (or Alternate Credit Facility, as the case may be)) or to enforce the trusts created by the Indenture except upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it.

The Owners of a majority in principal amount of Bonds then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture or exercising any trust or power conferred on the Trustee upon furnishing satisfactory indemnity to the Trustee (except against gross negligence or willful misconduct) and provided that such direction does not result in any personal liability of the Trustee.

No Owner of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power of the Trustee unless such Owner has previously given the Trustee written notice of an Event of Default and unless the Owners of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity (except against gross negligence or willful misconduct) has been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Indenture, the right of any Owner to receive payment of the principal of, premium, if any, and interest on the Owner's Bond on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Owner of Bonds.

DEFEASANCE

All or any portions of Bonds (in Authorized Denominations) will, prior to the maturity or redemption date thereof, be deemed to have been paid for all purposes of the Indenture when:

(a) in the event said Bonds or portions thereof have been selected for redemption, the Trustee has given, or the Company has given to the Trustee in form satisfactory to it irrevocable instructions to give, notice of redemption of such Bonds or portions thereof;

(b) there has been deposited with the Trustee moneys which constitute Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility;

(c) the moneys so deposited with the Trustee are in an amount sufficient (without relying on any investment income) to pay when due the principal of, premium, if any, and interest due and to become due (which amount of interest to become due is calculated at the Maximum Interest Rate unless the interest rate borne by all of such Bonds is not subject to adjustment prior to the maturity or redemption thereof, in which case the amount of interest is calculated at the rate borne by such Bonds) on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; *provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys;

(d) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding 60 days, the Issuer at the direction of the Company has given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to the Indenture, a notice to the Owners of said Bonds or portions thereof and to the Insurer that the deposit required by clause (b) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds or portions thereof;

(e) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of an independent public accountant of nationally recognized standing, selected by the Company (an *"Accountant's Opinion"*), to the effect that the requirements set forth in clause (c) above have been satisfied;

(f) the Issuer, the Company, the Trustee and the Insurer shall have received written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, that such action will not result in a reduction, suspension or withdrawal of the rating; and

(g) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of Bond Counsel to the effect that such deposit will not adversely affect the Tax-Exempt status of the Bonds (*"Bond Counsel's Opinion"*).

Moneys deposited with the Trustee as described above may not be withdrawn or used for any purpose other than, and are held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds or portions thereof, or for the payment of the purchase price of Bonds in accordance with the Indenture; *provided* that such moneys, if not then needed for such purpose, will, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the earlier of (a) the date moneys may be required for the purchase of Bonds or (b) the Interest Payment Date next succeeding the date of investment or reinvestment, and interest earned from such investments are paid over to the Company, as received by the Trustee, free and clear of any trust, lien or pledge.

The provisions of the Indenture relating to (a) the registration and exchange of Bonds, (b) the delivery of Bonds to the Trustee for purchase and the related obligations of the Trustee with respect thereto, (c) the mandatory purchase of the Bonds in connection with the Expiration of the Term of the Letter of Credit or the Expiration of the Term for Alternate Credit Facility, as the case may be, and (d) payment of the Bonds from such moneys, will remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid; *provided, however,* that the provisions with respect to registration and exchange of Bonds will continue to be effective until the maturity or the last date fixed for redemption of all Bonds.

In the event the requirements of the next to the last sentence of the next succeeding paragraph can be satisfied, the preceding three paragraphs will not apply and the following two paragraphs will be applicable.

Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or acceleration or upon redemption as provided in the Indenture) either (i) has been made or caused to be made in accordance with the terms thereof or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys, which are Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, sufficient to make such payment and/or (B) Government Obligations purchased with Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys to make such payment; *provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys or from Government Obligations purchased with Available Moneys; (b) all necessary and proper fees, compensation and expenses of the Issuer, the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee; and (c) an Accountant's Opinion, to the effect that such moneys and/or Government Obligations will insure, without reinvestment, the availability of sufficient moneys to make such payment, a Bankruptcy Counsel's Opinion to the effect that the payment of the Bonds from the moneys and/or Government Obligations so deposited will not result in a voidable preference under Section 547 of the United States Bankruptcy Code in the event that either the Issuer of the Company were to become a debtor under the United States Bankruptcy Code and a Bond Counsel's Opinion has been delivered to the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P. The provisions of this paragraph apply only if (x) the Bond with respect to which such deposit is made is to mature or be called for redemption prior to the next succeeding date on which such Bond is subject to purchase as described herein under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase" and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds has been previously given in accordance with the Indenture, or in the event said Bonds are not to be redeemed within the next succeeding 60 days, until the Company has given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with the Indenture, that the deposit required by clause (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

REMOVAL OF TRUSTEE

With the prior written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be (which consent, if unreasonably withheld, will not be required), the Trustee may be removed at any time by filing with the Trustee so removed, and with the Issuer, the Company, the Insurer, if any, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), an instrument or instruments in writing executed by (a) the Insurer, if any and if no Insurer Default has occurred and is continuing, or (b) the Owners of not less than a majority in principal amount of the Bonds then outstanding and, if no Insurer Default has occurred and is continuing, the Insurer, if any. The Trustee may also be removed by the Issuer under certain circumstances.

MODIFICATIONS AND AMENDMENTS

The Indenture may be modified or amended by the Issuer and the Trustee by supplemental indentures without the consent of the Owners of the Bonds, but with the consent of the Bank in certain circumstances, for any of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture; (b) to add to the covenants and agreements of the Issuer contained in the Indenture or of the Company, the Insurer, if any, or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the Company which does not materially adversely affect the interests of Owners of the Bonds; (c) to confirm, as further assurance, any pledge of or lien on any property subjected or to be subjected to the lien of the Indenture; (d) to comply with the requirements of the Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however,* that any such modification, alteration, amendment or supplement will not take effect until the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, has consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (f) to implement a conversion of the interest rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under the Indenture of an Alternate Credit Facility or on a Substitute Letter of Credit; (g) to provide for a depository to accept tendered Bonds in lieu of the Trustee; (h) to modify or eliminate the book-entry registration system for any of the Bonds; (i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds; (j) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category (as defined in the Indenture) and also in either of the two highest long-term debt Rating Categories; (k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies; (1) to provide for any Substitute Collateral and the release of any First Mortgage Bonds; (m) to provide for the appointment of a

successor Trustee, Registrar or Paying Agent; (n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds; (p) to modify, alter, amend or supplement the Indenture in any other respect, if the effective date of such supplemental indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (q) to provide for the delivery to the Trustee of an Insurance Policy or replacement of any Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of any Insurer then providing an Insurance Policy with respect to the Bonds provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer and the Trustee enter into any supplemental indenture as described above, there must be delivered to the Trustee, the Company, the Insurer, if any, and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms, and will not impair the validity under the Act, of the Bonds or adversely affect the Tax-Exempt status of the Bonds.

The Trustee will provide written notice of any Supplemental Indenture to the Insurer, if any, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), Moody's, S&P and the Owners of all the Bonds then outstanding at least 30 days prior to the effective date of such Supplemental Indenture. Such notice must state the effective date of such Supplemental Indenture, briefly describe the nature of such Supplemental Indenture and state that a copy thereof is on file at the principal office of the Trustee for inspection by the parties mentioned in the preceding sentence.

Except for supplemental indentures entered into for the purposes described above, the Indenture will not be modified, altered, amended supplemented or rescinded without the consent of the Bank (if its Letter of Credit is in effect and no Bank Default has occurred and is continuing) or the Insurer, if any (unless an Insurer Default has occurred and is continuing), together with not less than 60% in the aggregate principal amount of Bonds outstanding, who have the right to consent to and approve any supplemental indenture; *provided* that, unless approved in writing by the Bank (if its Letter of Credit is in effect and no Bank Default has occurred and is continuing) or Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Owners of all the Bonds then affected thereby, there **will not** be permitted (a) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on any Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price thereof or the rate of interest thereon, (b) the creation of a claim or lien on or a pledge of the Revenues ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (c) a reduction in the aggregate principal

amount of Bonds the consent of the Owners of which is required to approve any such supplemental indenture or which is required to approve any amendment to the Loan Agreement. No such amendment of the Indenture will be effective without the prior written consent of the Company.

AMENDMENT OF THE LOAN AGREEMENT

Without the consent of or notice to the Owners of the Bonds, the Issuer may, with the consent of the Insurer, if any (unless an Insurer Default has occurred and is continuing), modify, alter, amend or supplement the Loan Agreement, and the Trustee may consent thereto, as may be required (a) by the provisions of the Loan Agreement and the Indenture; (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein; (c) in connection with any other change therein which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however*, that any such modification, alteration, amendment or supplement will not take effect until the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (d) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories; (e) in connection with the delivery and substitution of any Substitute Collateral and the release of any First Mortgage Bonds; (f) to add to the covenants and agreements of the Issuer contained in the Loan Agreement or of the Company or of any Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to facilitate the delivery and administration of an Alternate Credit Facility or a Substitute Letter of Credit, or to surrender any right or power reserved or conferred upon the Issuer or the Company, which does not materially adversely affect the interest of the Owners of the Bonds; (g) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies, (h) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (i) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds; (j) to modify, alter, amend or supplement the Loan Agreement in any other respect, including amendments which would otherwise be described herein, if the effective date of such supplement or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (k) to provide for the delivery to the Trustee of an Insurance Policy or replacement of any Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of any Insurer then providing an Insurance Policy with respect to the Bonds provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term

rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, (a) the Trustee will cause notice of such proposed modification, alteration, amendment or supplement to be provided to the Bank, the Insurer, if any, Moody's and S&P, stating that a copy thereof is on file at the office of the Trustee for inspection by the Insurer, if any, Moody's and S&P and (b) there must be delivered to the Bank, the Issuer, the Insurer, if any, and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

The Issuer will not enter into and the Trustee will not consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Owners of not less than 60% in the aggregate principal amount of the Bonds at the time outstanding; *provided, however,* that, unless approved in writing by the Owners of all Bonds affected thereby, nothing in the Indenture may permit, or be construed as permitting, a change in the obligations of the Company to make Loan Payments or payments to the Trustee for the purchase of Bonds or the nature of the obligations of the Company on the First Mortgage Bonds. No amendment of the Loan Agreement will become effective without the prior written consent of the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Company and under certain circumstances, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, there must be delivered to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, if any, and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

## REMARKETING

The Remarketing Agent has agreed with the Company, subject to the terms and provisions of the Remarketing Agreement, that the Remarketing Agent will use its best efforts, as remarketing agent, to solicit purchases from potential investors of the Bonds. Pursuant to such Remarketing Agreement, the Company has agreed to indemnify the Remarketing Agent against certain liabilities and expenses, including liabilities arising under federal and state securities laws, and to pay for certain expenses in connection with the reoffering of the Bonds.

In the ordinary course of business, the Remarketing Agent and its affiliates have provided investment banking services or bank financing to the Company, its subsidiaries or affiliates in the past for which they have received customary compensation and expense reimbursement, and may do so again in the future.

## TAX EXEMPTION

In connection with the original issuance and delivery of the Bonds, Stoel Rives Boley Jones & Grey, as Bond Counsel to the Company, delivered separate opinions on September 29, 1992 with respect to each of the Bonds. Such opinions have not been updated by either Stoel Rives Boley Jones & Grey or Chapman and Cutler LLP. No independent investigation has been made to confirm that the tax covenants of the Issuers and the Company have been complied with.

*A copy of the opinion letters provided by Bond Counsel in connection with the original issuance and delivery of the Bonds is set forth in APPENDIX C, but inclusion of such copy of the opinion letters is not to be construed as a reaffirmation of the opinion contained therein. The opinion letters speak only as of their date.*

Chapman and Cutler LLP, which is currently acting as Bond Counsel, will deliver opinions in connection with execution and delivery of the Third Supplemental Indentures and the First Supplemental Loan Agreements relating to the Bonds and the delivery of the Letters of Credit to the effect that (a) such Third Supplemental Indentures (i) are authorized or permitted by the Trust Indenture relating thereto and the Act and comply with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon the applicable Issuer in accordance with their respective terms and (iii) will not adversely affect the Tax-Exempt status of the related Series of Bonds, (b) such First Supplemental Loan Agreements (i) are authorized or permitted by the Original Loan Agreement or Trust Indenture relating thereto and the Act and comply with their respective terms, (ii) will be valid and binding upon the applicable Issuer in accordance with their respective terms and (iii) will not adversely affect the Tax-Exempt status of the related Series of Bonds and (c) the delivery of the Letters of Credit comply with the terms of the applicable Loan Agreement and will not adversely affect the Tax-Exempt status of the related Series of Bonds. Except (A) the adjustment of the interest rate on the Bonds described in the Chapman and Cutler, opinion dated November 12, 1999, (B) the execution and delivery of the First Supplemental Trust Indenture, dated as of November 1, 1999, (C) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 1, 2005 and (D) as necessary to render the foregoing opinion, Chapman and Cutler has not reviewed any factual or legal maters relating to the prior opinion of Bond Counsel or the Bonds subsequent to their date of issuance. The proposed form of such opinions is set forth in APPENDIX D.

## CERTAIN LEGAL MATTERS

Certain legal matters in connection with the remarketing will be passed upon by Chapman and Cutler LLP, as Bond Counsel to the Company. Certain legal matters will be passed upon for the Company by Paul J. Leighton, Esq., as counsel for the Company. The validity of the Letter of Credit will be passed upon for the Bank by in-house counsel to the Bank.

## MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Reoffering Circular and must be read together with all of the balance of this Reoffering Circular.

The Issuer has not assumed nor will assume any responsibility for the accuracy or completeness of any information contained herein or in the Appendices hereto, all of which was furnished by others.

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## APPENDIX A

## PACIFICORP

*The following information concerning PacifiCorp (the "Company") has been provided by representatives of the Company and has not been independently confirmed or verified by the Remarketing Agent, the Issuer or any other party. No representation is made herein as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Company or in such information after the date hereof, or that the information contained or incorporated herein by reference is correct as of any time after the date hereof.*

The Company, which includes PacifiCorp and its subsidiaries, is a United States regulated electric company serving 1.8 million retail customers, including residential, commercial, industrial and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, 75 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of 10,597 megawatts. PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through approximately 16,200 miles of transmission lines. PacifiCorp also buys and sells electricity on the wholesale market with other utilities, energy marketing companies, financial institutions and other market participants as a result of excess electricity generation or other system balancing activities. The Company is subject to comprehensive state and federal regulation. The Company's subsidiaries support its electric utility operations by providing coal mining and environmental remediation services. The Company is an indirect subsidiary of MidAmerican Energy Holdings Company ("MEHC"), a holding company based in Des Moines, Iowa, that owns subsidiaries principally engaged in energy businesses. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. MEHC controls substantially all of the Company voting securities, which include both common and preferred stock.

The Company's operations are exposed to risks, including general economic, political and business conditions, as well as changes in laws and regulations affecting the Company or the related industries; changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce generating facility output, accelerate generating facility retirements or delay generating facility construction or acquisition; the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies; changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage, electricity supply or the Company's ability to obtain long-term contracts with customers; a high degree of variance between actual and forecasted load that could impact the Company's hedging strategy and the costs of balancing generation resources and wholesale activities with its retail load obligations; performance and availability of the Company's generating facilities, including the impacts of outages and repairs, transmission constraints, weather and operating conditions; hydroelectric conditions and the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings, that could have a significant impact on electric capacity and cost and the Company's ability to generate electricity; changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation capacity and energy costs; the financial condition and creditworthiness of the Company's significant customers and suppliers; changes in business strategy or development plans; availability, terms and deployment of capital, including reductions in demand for

investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for the Company's credit facilities; changes in the Company's credit ratings; the impact of derivative contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in the commodity prices, interest rates and other conditions that affect the fair value of derivative contracts; the impact of inflation on costs and our ability to recover such costs in rates; increases in employee healthcare costs; the impact of investment performance and changes in interest rates, legislation, healthcare cost trends, mortality and morbidity on the Company's pension and other postretirement benefits expense and funding requirements; unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions; the impact of new accounting guidance or changes in current accounting estimates and assumptions on consolidated financial results; other risks or unforeseen events, including the effects of storms, floods, litigation, wars, terrorism, embargoes and other catastrophic events; and other business or investment considerations that may be disclosed from time to time in the Company's filings with the United States Securities and Exchange Commission (the "Commission") or in other publicly disseminated written documents. See the Incorporated Documents under "Incorporation of Certain Documents by Reference."

The principal executive offices of the Company are located at 825 N.E. Multnomah, Portland, Oregon 97232; the telephone number is (503) 813-5608. The Company was initially incorporated in 1910 under the laws of the state of Maine under the name Pacific Power & Light Company. In 1984, Pacific Power & Light Company changed its name to PacifiCorp. In 1989, it merged with Utah Power and Light Company, a Utah corporation, in a transaction wherein both corporations merged into a newly formed Oregon corporation. The resulting Oregon corporation was re-named PacifiCorp, which is the operating entity today.

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Commission. Such reports and other information filed by the Company may be inspected and copied at public reference rooms maintained by the Commission in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Company's filings with the Commission are also available to the public at the website maintained by the Commission at http://www.sec.gov.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act are incorporated herein by reference:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

2. Current Report on Form 8-K, dated January 6, 2012.

3. Current Report on Form 8-K, dated March 6, 2012.

4. Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

5. Current Report on Form 8-K, dated April 3, 2012.

6. Current Report on Form 8-K, dated May 25, 2012.

7. All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the Quarterly Report on Form 10-Q for the three months ended March 31, 2012 and before the termination of the reoffering made by this Supplement to Reoffering Circular (the "Supplement") shall be deemed to be incorporated by reference in this Supplement and to be a part hereof from the date of filing such documents (such documents and the documents enumerated above, being hereinafter referred to as the "Incorporated Documents"), provided, however, that the documents enumerated above and the documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act in each year during which the reoffering made by this Supplement is in effect before the filing of the Company's Annual Report on Form 10-K covering such year shall not be Incorporated Documents or be incorporated by reference in this Supplement or be a part hereof from and after such filing of such Annual Report on Form 10-K.

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

The Incorporated Documents are not presented in this Supplement or delivered herewith. The Company hereby undertakes to provide without charge to each person to whom a copy of this Supplement has been delivered, on the written or oral request of any such person, a copy of any or all of the Incorporated Documents, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein. Requests for such copies should be directed to PacifiCorp, 825 N.E. Multnomah, Portland, Oregon 97232, telephone number (503) 813-5608. The information relating to the Company contained in this Supplement does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

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## APPENDIX B

## THE BANK

*The information under this heading has been provided solely by Wells Fargo Bank, National Association (the "Bank") and is believed to be reliable. This information has not been verified independently by the Issuer or the Remarketing Agent. The Issuer and the Remarketing Agent make no representation whatsoever as to the accuracy, adequacy or completeness of such information.*

**Wells Fargo Bank, National Association**

The Bank is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Bank is an indirect, wholly owned subsidiary of Wells Fargo & Company, a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California ("Wells Fargo").

Effective at 11:59 p.m. on December 31, 2008, Wells Fargo acquired Wachovia Corporation and its subsidiaries in a stock-for-stock merger transaction. Information about this merger has been included in filings made by Wells Fargo with the Securities and Exchange Commission (the "Commission"). Copies of these filings are available free of charge on the Commission's website at www.sec.gov. or by writing to Wells Fargo's Corporate Secretary at the address given below.

Each quarter, the Bank files with the FDIC financial reports entitled "Consolidated Reports of Condition and Income for Insured Commercial Banks with Domestic and Foreign Offices," commonly referred to as the "Call Reports." The Bank's Call Reports are prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles. The publicly available portions of the Call Reports contain the most recently filed quarterly reports of the Bank, which include the Bank's total consolidated assets, total domestic and foreign deposits, and total equity capital. These Call Reports, as well as the Call Reports filed by the Bank with the FDIC after the date of this Offering Memorandum, may be obtained from the FDIC, Disclosure Group, Room F518, 550 17th Street, N.W., Washington, D.C. 20429 at prescribed rates, or from the FDIC on its Internet site at http://www.fdic.gov, or by writing to the Wells Fargo Corporate Secretary's Office, Wells Fargo Center, Sixth and Marquette, MAC N9305-173, Minneapolis, MN 55479.

**The Letter of Credit will be solely an obligation of the Bank and will not be an obligation of, or otherwise guaranteed by, Wells Fargo, and no assets of Wells Fargo or any affiliate of the Bank or Wells Fargo will be pledged to the payment thereof. Payment of the Letter of Credit will not be insured by the FDIC.**

The information contained in this Appendix B, including financial information, relates to and has been obtained from the Bank, and is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Any financial information provided in this Appendix B is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank since the date hereof.

## APPENDIX C

## APPROVING OPINIONS OF BOND COUNSEL

September , 1992

# $22,485,000
# CONVERSE COUNTY, WYOMING
# POLLUTION CONTROL REFUNDING REVENUE BONDS
# (PacifiCorp Project)
# Series 1992

We have reviewed a transcript of the proceedings relating to the issuance by Converse County, Wyoming (the "Issuer"), of the above referenced bonds (the "Bonds"). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as from time to time supplemented and amended (the "Act"), a Bond Resolution of the County adopted on September 2, 1992 (the "Resolution") and a Trust Indenture dated as of September 1, 1992 (the "Indenture") by and between the Issuer and The First National Bank of Chicago, a national banking association, as Trustee. All terms used in this opinion and not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

The Bonds are being issued to provide funds which will be used to refund and redeem on October 1, 1992 the Issuer's Collateralized Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1976 (the "1976 Bonds") currently Outstanding in the aggregate principal amount of $22,485,000. October 1, 1992 is the date set for the irrevocable redemption of all then outstanding 1976 Bonds. The Issuer will make the funds arising from the sale of the Bonds available to PacifiCorp, an Oregon corporation (the "Company"), pursuant to a Loan Agreement dated September 1, 1992 between the Issuer and the Company (the "Loan Agreement"), the proceeds of which Loan will be used, together with certain other moneys provided by the Company, to pay the principal of, and interest on, the 1976 Bonds on and after October 1, 1992 as such 1976 Bonds are presented for payment. The Bonds are dated as of September 1, 1992, commence to accrue interest as of the date of initial issuance and delivery thereof and bear interest at the rates, mature on the date, and are subject to purchase and optional and mandatory redemption prior to maturity on the terms and conditions and at the prices, all as set forth in the Indenture.

The Bonds are secured by a pledge of the Trust Estate. The Trust Estate initially includes an irrevocable direct pay letter of credit (the "Letter of Credit") issued by Union Bank of Switzerland, Los Angeles Branch (the "Bank") in favor of the Trustee for the account of the Company pursuant to the Reimbursement Agreement. The Letter of Credit expires on September 29, 1995, unless extended or renewed by the Bank. In addition, pursuant to the Indenture, the Letter of Credit may, under certain circumstances, be terminated, in which event it may (or under certain conditions, may not) be replaced by an Alternate Credit Facility.

In rendering the opinions set forth herein, we have relied upon: (i) an opinion of even date herewith rendered by Gibson, Dunn & Crutcher, counsel to the Bank, and assumed the accuracy of certain opinions expressed by Henrici, Wicki & Guggisberg, Swiss Counsel to the Bank, regarding the due authorization, execution, delivery, validity and enforceability of the Letter of Credit, and (ii) an opinion of even date herewith of Thomas A. Burley, County Attorney of the Issuer, regarding the due execution and delivery of the Bonds.

We have assumed the genuineness of all documents and signatures presented to us. In addition, we have assumed (but express no opinion) that all documents, instruments, agreements and certificates required to be executed and delivered by parties other than the Issuer in connection with the issuance and sale of the Bonds and related transactions have been duly authorized, executed and delivered by such parties. With respect to matters of fact relevant to the opinions set forth herein, we have relied upon (without having undertaken to independently verify) various certifications, representations and warranties made by the Company and other parties in the various documents relating to the issuance and sale of the Bonds, but have not undertaken to

verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and all of the legal conclusions contained in the opinions, referred to herein. Furthermore, we have assumed compliance with all covenants and agreements contained in the Loan Agreement, the Indenture and the certificate executed by the Company on the date hereof regarding, among other things, compliance with the Code requirements necessary to assure that interest on the Bonds will not be included in gross income for federal income tax purposes. Furthermore, we have undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion relating thereto.

Certain terms of the Bonds, and other terms, requirements and procedures contained or referred to in the Indenture and other relevant documents, may or will be adjusted or changed and certain actions may or will be taken, under the circumstances and subject to the terms and conditions set forth in such documents. The opinions set forth below are qualified to the extent that we express no opinion as to whether, following any such adjustment or change or the taking of any such action, the interest on the Bonds will continue to be excludible for federal income tax purposes from the gross incomes of the Owners.

The opinions expressed herein are based on the 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 such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this letter.

In reliance on the opinions and certifications, representations and warranties described above and based upon our examination of the foregoing and the pertinent laws of the United States of America and the State of Wyoming and such other documents, certificates, instruments and agreements as we have deemed necessary or appropriate, we are of the opinion that:

1. The Issuer has full power and authority under the Act to enter into the Indenture and the Loan Agreement and to perform its obligations under the Indenture and the Loan Agreement and to authorize, issue, execute, sell and deliver the Bonds for the purposes described in the Indenture and the Loan Agreement.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms.

3. The Bonds have been duly authorized, issued, delivered and sold in accordance with the Indenture and applicable law (including the Act) and constitute the valid, legal and binding limited obligations of the Issuer secured by the Indenture and enforceable in accordance with their terms and the terms of the Indenture.

4. The Bonds are limited obligations of the Issuer payable solely and only from the Trust Estate pledged thereto under the Indenture. The Bonds are not general obligations of the Issuer or any agency or instrumentality of the Issuer, nor are they payable out of any moneys or assets of the Issuer or any agency or instrumentality of the Issuer not specifically pledged thereto. The Owners of the Bonds have no right to compel the Issuer to exercise its taxing powers for the purpose of paying any amounts owing under or with respect to the Bonds.

5. Under existing laws, rulings, regulations and judicial decisions, and assuming the continuing compliance by the Issuer and the Company with the Tax Covenants, interest on the Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Code (other than the gross income of an Owner who is a "substantial user" of the Project refinanced out of the proceeds of the Bonds or a "related person" as such terms are used in Section 147(a) of the Code).

The failure of the Issuer or the Company to continuously comply with the Tax Covenants as they relate to the Bonds could result in the interest on the Bonds becoming includible for federal income tax purposes in the gross incomes of the Owners and former Owners thereof, which includibility in gross income could be retroactive to the date of issuance of the Bonds. We advise you that, as a practical matter, compliance with the Tax Covenants is a matter within the control of the Company and not the Issuer. We have not undertaken,

and will not undertake, to monitor the continuing compliance by the Issuer or the Company with the Tax Covenants or to inform any person whether or not the Tax Covenants are being complied with.

The Bonds are "private activity bonds" within the meaning of Section 141(a) of the Code, however, the Bonds are being issued to refund bonds issued prior to August 8, 1986, and we observe that, as a consequence, the interest on the Bonds will not be treated as an item of tax preference for purposes of the federal alternative minimum taxes applicable to individuals, corporations and other taxpayers. However, we further observe that for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings.

6. The State of Wyoming imposes no income taxes which would be applicable to interest on the Bonds.

Receipt of interest on tax-exempt obligations such as the Bonds may result in collateral federal or state tax consequences to certain individuals or other taxable entities. Except as set forth in paragraphs 5 and 6 above, we express no opinion regarding other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds.

The foregoing opinions are qualified to the extent that the rights or remedies of the Owners of the Bonds (including any rights or remedies conferred on the Trustee for the benefit of the Owners of the Bonds under the Indenture) and the enforceability of the Indenture and the Loan Agreement may be limited or otherwise affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and general principles of equity affecting or limiting the enforcement of creditors' rights generally, whether now existing or hereafter in effect. We express no opinion as to the investment quality of the Bonds or the adequacy or priority of the security therefor.

All parties to the transactions pertaining to the issuance and sale of the Bonds and their respective counsel may rely upon this opinion as if it were specifically addressed to each.

**STOEL RIVES BOLEY JONES & GREY**

By DRAFT ONLY—NOT SIGNED
Patrick G. Boylston

September , 1992

**$9,335,000**
**SWEETWATER COUNTY, WYOMING**
**POLLUTION CONTROL REFUNDING REVENUE BONDS**
**(PacifiCorp Project)**
**Series 1992A**

We have reviewed a transcript of the proceedings relating to the issuance by Sweetwater County, Wyoming (the "Issuer"), of the above referenced bonds (the "Bonds"). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as from time to time supplemented and amended (the "Act"), a Bond Resolution of the County adopted on September 14, 1992 (the "Resolution") and a Trust Indenture dated as of September 1, 1992 (the "Indenture") by and between the Issuer and The First National Bank of Chicago, a national banking association, as Trustee. All terms used in this opinion and not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

The Bonds are being issued to provide funds which will be used to refund and redeem on October 1, 1992 the Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1975A (the "1975A Bonds") currently Outstanding in the aggregate principal amount of $9,335,000. October 1, 1992 is the date set for the irrevocable redemption of all then outstanding 1975A Bonds. The Issuer will make the funds arising from the sale of the Bonds available to PacifiCorp, an Oregon corporation (the "Company"), pursuant to a Loan Agreement dated September 1, 1992 between the Issuer and the Company (the "Loan Agreement"), the proceeds of which Loan will be used, together with certain other moneys provided by the Company, to pay the principal of, and interest on, the 1975A Bonds on and after October 1, 1992 as such 1975A Bonds are presented for payment. The Bonds are dated as of September 1, 1992, commence to accrue interest as of the date of initial issuance and delivery thereof and bear interest at the rates, mature on the date, and are subject to purchase and optional and mandatory redemption prior to maturity on the terms and conditions and at the prices, all as set forth in the Indenture.

The Bonds are secured by a pledge of the Trust Estate. The Trust Estate initially includes an irrevocable direct pay letter of credit (the "Letter of Credit") issued by Union Bank of Switzerland, Los Angeles Branch (the "Bank") in favor of the Trustee for the account of the Company pursuant to the Reimbursement Agreement. The Letter of Credit expires on September 29, 1995, unless extended or renewed by the Bank. In addition, pursuant to the Indenture, the Letter of Credit may, under certain circumstances, be terminated, in which event it may (or under certain conditions, may not) be replaced by an Alternate Credit Facility.

In rendering the opinions set forth herein, we have relied upon: (i) an opinion of even date herewith rendered by Gibson, Dunn & Crutcher, counsel to the Bank, and assumed the accuracy of certain opinions expressed by Henrici, Wicki & Guggisberg, Swiss Counsel to the Bank, regarding the due authorization, execution, delivery, validity and enforceability of the Letter of Credit, and (ii) an opinion of even date herewith of Sue Kearns, County and Prosecuting Attorney of the Issuer, regarding the due execution and delivery of the Bonds.

We have assumed the genuineness of all documents and signatures presented to us. In addition, we have assumed (but express no opinion) that all documents, instruments, agreements and certificates required to be executed and delivered by parties other than the Issuer in connection with the issuance and sale of the Bonds and related transactions have been duly authorized, executed and delivered by such parties. With respect to matters of fact relevant to the opinions set forth herein, we have relied upon (without having undertaken to independently verify) various certifications, representations and warranties made by the Company and other parties in the various documents relating to the issuance and sale of the Bonds, but have not undertaken to

verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and all of the legal conclusions contained in the opinions, referred to herein. Furthermore, we have assumed compliance with all covenants and agreements contained in the Loan Agreement, the Indenture and the certificate executed by the Company on the date hereof regarding, among other things, compliance with the Code requirements necessary to assure that interest on the Bonds will not be included in gross income for federal income tax purposes. Furthermore, we have undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion relating thereto.

Certain terms of the Bonds, and other terms, requirements and procedures contained or referred to in the Indenture and other relevant documents, may or will be adjusted or changed and certain actions may or will be taken, under the circumstances and subject to the terms and conditions set forth in such documents. The opinions set forth below are qualified to the extent that we express no opinion as to whether, following any such adjustment or change or the taking of any such action, the interest on the Bonds will continue to be excludible for federal income tax purposes from the gross incomes of the Owners.

The opinions expressed herein are based on the 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 such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this letter.

In reliance on the opinions and certifications, representations and warranties described above and based upon our examination of the foregoing and the pertinent laws of the United States of America and the State of Wyoming and such other documents, certificates, instruments and agreements as we have deemed necessary or appropriate, we are of the opinion that:

1. The Issuer has full power and authority under the Act to enter into the Indenture and the Loan Agreement and to perform its obligations under the Indenture and the Loan Agreement and to authorize, issue, execute, sell and deliver the Bonds for the purposes described in the Indenture and the Loan Agreement.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms.

3. The Bonds have been duly authorized, issued, delivered and sold in accordance with the Indenture and applicable law (including the Act) and constitute the valid, legal and binding limited obligations of the Issuer secured by the Indenture and enforceable in accordance with their terms and the terms of the Indenture.

4. The Bonds are limited obligations of the Issuer payable solely and only from the Trust Estate pledged thereto under the Indenture. The Bonds are not general obligations of the Issuer or any agency or instrumentality of the Issuer, nor are they payable out of any moneys or assets of the Issuer or any agency or instrumentality of the Issuer not specifically pledged thereto. The Owners of the Bonds have no right to compel the Issuer to exercise its taxing powers for the purpose of paying any amounts owing under or with respect to the Bonds.

5. Under existing laws, rulings, regulations and judicial decisions, and assuming the continuing compliance by the Issuer and the Company with the Tax Covenants, interest on the Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Code (other than the gross income of an Owner who is a "substantial user" of the Project refinanced out of the proceeds of the Bonds or a "related person" as such terms are used in Section 147(a) of the Code).

The failure of the Issuer or the Company to continuously comply with the Tax Covenants as they relate to the Bonds could result in the interest on the Bonds becoming includible for federal income tax purposes in the gross incomes of the Owners and former Owners thereof, which includibility in gross income could be retroactive to the date of issuance of the Bonds. We advise you that, as a practical matter, compliance with the Tax Covenants is a matter within the control of the Company and not the Issuer. We have not undertaken,

and will not undertake, to monitor the continuing compliance by the Issuer or the Company with the Tax Covenants or to inform any person whether or not the Tax Covenants are being complied with.

The Bonds are "private activity bonds" within the meaning of Section 141(a) of the Code, however, the Bonds are being issued to refund bonds issued prior to August 8, 1986, and we observe that, as a consequence, the interest on the Bonds will not be treated as an item of tax preference for purposes of the federal alternative minimum taxes applicable to individuals, corporations and other taxpayers. However, we further observe that for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings.

6. The State of Wyoming imposes no income taxes which would be applicable to interest on the Bonds.

Receipt of interest on tax-exempt obligations such as the Bonds may result in collateral federal or state tax consequences to certain individuals or other taxable entities. Except as set forth in paragraphs 5 and 6 above, we express no opinion regarding other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds.

The foregoing opinions are qualified to the extent that the rights or remedies of the Owners of the Bonds (including any rights or remedies conferred on the Trustee for the benefit of the Owners of the Bonds under the Indenture) and the enforceability of the Indenture and the Loan Agreement may be limited or otherwise affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and general principles of equity affecting or limiting the enforcement of creditors' rights generally, whether now existing or hereafter in effect. We express no opinion as to the investment quality of the Bonds or the adequacy or priority of the security therefor.

All parties to the transactions pertaining to the issuance and sale of the Bonds and their respective counsel may rely upon this opinion as if it were specifically addressed to each.

**STOEL RIVES BOLEY JONES & GREY**

By DRAFT ONLY—NOT SIGNED
Patrick G. Boylston

September , 1992

**$6,305,000**
**SWEETWATER COUNTY, WYOMING**
**POLLUTION CONTROL REFUNDING REVENUE BONDS**
**(PacifiCorp Project)**
**Series 1992B**

We have reviewed a transcript of the proceedings relating to the issuance by Sweetwater County, Wyoming (the "Issuer"), of the above referenced bonds (the "Bonds"). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as from time to time supplemented and amended (the "Act"), a Bond Resolution of the County adopted on September 14, 1992 (the "Resolution") and a Trust Indenture dated as of September 1, 1992 (the "Indenture") by and between the Issuer and The First National Bank of Chicago, a national banking association, as Trustee. All terms used in this opinion and not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

The Bonds are being issued to provide funds which will be used to refund and redeem on December 1, 1992 the Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1975B (the "1975B Bonds") currently Outstanding in the aggregate principal amount of $6,305,000. December 1, 1992 is the date set for the irrevocable redemption of all then outstanding 1975B Bonds. The Issuer will make the funds arising from the sale of the Bonds available to PacifiCorp, an Oregon corporation (the "Company"), pursuant to a Loan Agreement dated September 1, 1992 between the Issuer and the Company (the "Loan Agreement"), the proceeds of which Loan will be used, together with certain other moneys provided by the Company, to pay the principal of, and interest on, the 1975B Bonds on and after December 1, 1992 as such 1975B Bonds are presented for payment. The Bonds are dated as of September 1, 1992, commence to accrue interest as of the date of initial issuance and delivery thereof and bear interest at the rates, mature on the date, and are subject to purchase and optional and mandatory redemption prior to maturity on the terms and conditions and at the prices, all as set forth in the Indenture.

The Bonds are secured by a pledge of the Trust Estate. The Trust Estate initially includes an irrevocable direct pay letter of credit (the "Letter of Credit") issued by Union Bank of Switzerland, Los Angeles Branch (the "Bank") in favor of the Trustee for the account of the Company pursuant to the Reimbursement Agreement. The Letter of Credit expires on September 29, 1995, unless extended or renewed by the Bank. In addition, pursuant to the Indenture, the Letter of Credit may, under certain circumstances, be terminated, in which event it may (or under certain conditions, may not) be replaced by an Alternate Credit Facility.

In rendering the opinions set forth herein, we have relied upon: (i) an opinion of even date herewith rendered by Gibson, Dunn & Crutcher, counsel to the Bank, and assumed the accuracy of certain opinions expressed by Henrici, Wicki & Guggisberg, Swiss Counsel to the Bank, regarding the due authorization, execution, delivery, validity and enforceability of the Letter of Credit, and (ii) an opinion of even date herewith of Sue Kearns, County and Prosecuting Attorney of the Issuer, regarding the due execution and delivery of the Bonds.

We have assumed the genuineness of all documents and signatures presented to us. In addition, we have assumed (but express no opinion) that all documents, instruments, agreements and certificates required to be executed and delivered by parties other than the Issuer in connection with the issuance and sale of the Bonds and related transactions have been duly authorized, executed and delivered by such parties. With respect to matters of fact relevant to the opinions set forth herein, we have relied upon (without having undertaken to independently verify) various certifications, representations and warranties made by the Company and other parties in the various documents relating to the issuance and sale of the Bonds, but have not undertaken to

verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and all of the legal conclusions contained in the opinions, referred to herein. Furthermore, we have assumed compliance with all covenants and agreements contained in the Loan Agreement, the Indenture and the certificate executed by the Company on the date hereof regarding, among other things, compliance with the Code requirements necessary to assure that interest on the Bonds will not be included in gross income for federal income tax purposes. Furthermore, we have undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion relating thereto.

Certain terms of the Bonds, and other terms, requirements and procedures contained or referred to in the Indenture and other relevant documents, may or will be adjusted or changed changed and certain actions may or will be taken, under the circumstances and subject to the terms and conditions set forth in such documents. The opinions set forth below are qualified to the extent that we express no opinion as to whether, following any such adjustment or change or the taking of any such action, the interest on the Bonds will continue to be excludible for federal income tax purposes from the gross incomes of the Owners.

The opinions expressed herein are based on the 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 such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this letter.

In reliance on the opinions and certifications, representations and warranties described above and based upon our examination of the foregoing and the pertinent laws of the United States of America and the State of Wyoming and such other documents, certificates, instruments and agreements as we have deemed necessary or appropriate, we are of the opinion that:

1. The Issuer has full power and authority under the Act to enter into the Indenture and the Loan Agreement and to perform its obligations under the Indenture and the Loan Agreement and to authorize, issue, execute, sell and deliver the Bonds for the purposes described in the Indenture and the Loan Agreement.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms.

3. The Bonds have been duly authorized, issued, delivered and sold in accordance with the Indenture and applicable law (including the Act) and constitute the valid, legal and binding limited obligations of the Issuer secured by the Indenture and enforceable in accordance with their terms and the terms of the Indenture.

4. The Bonds are limited obligations of the Issuer payable solely and only from the Trust Estate pledged thereto under the Indenture. The Bonds are not general obligations of the Issuer or any agency or instrumentality of the Issuer, nor are they payable out of any moneys or assets of the Issuer or any agency or instrumentality of the Issuer not specifically pledged thereto. The Owners of the Bonds have no right to compel the Issuer to exercise its taxing powers for the purpose of paying any amounts owing under or with respect to the Bonds.

5. Under existing laws, rulings, regulations and judicial decisions, and assuming the continuing compliance by the Issuer and the Company with the Tax Covenants, interest on the Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Code (other than the gross income of an Owner who is a "substantial user" of the Project refinanced out of the proceeds of the Bonds or a "related person" as such terms are used in Section 147(a) of the Code).

The failure of the Issuer or the Company to continuously comply with the Tax Covenants as they relate to the Bonds could result in the interest on the Bonds becoming includible for federal income tax purposes in the gross incomes of the Owners and former Owners thereof, which includibility in gross income could be retroactive to the date of issuance of the Bonds. We advise you that, as a practical matter, compliance with the Tax Covenants is a matter within the control of the Company and not the Issuer. We have not undertaken,

and will not undertake, to monitor the continuing compliance by the Issuer or the Company with the Tax Covenants or to inform any person whether or not the Tax Covenants are being complied with.

The Bonds are "private activity bonds" within the meaning of Section 141(a) of the Code, however, the Bonds are being issued to refund bonds issued prior to August 8, 1986, and we observe that, as a consequence, the interest on the Bonds will not be treated as an item of tax preference for purposes of the federal alternative minimum taxes applicable to individuals, corporations and other taxpayers. However, we further observe that for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings.

6. The State of Wyoming imposes no income taxes which would be applicable to interest on the Bonds.

Receipt of interest on tax-exempt obligations such as the Bonds may result in collateral federal or state tax consequences to certain individuals or other taxable entities. Except as set forth in paragraphs 5 and 6 above, we express no opinion regarding other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds.

The foregoing opinions are qualified to the extent that the rights or remedies of the Owners of the Bonds (including any rights or remedies conferred on the Trustee for the benefit of the Owners of the Bonds under the Indenture) and the enforceability of the Indenture and the Loan Agreement may be limited or otherwise affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and general principles of equity affecting or limiting the enforcement of creditors' rights generally, whether now existing or hereafter in effect. We express no opinion as to the investment quality of the Bonds or the adequacy or priority of the security therefor.

All parties to the transactions pertaining to the issuance and sale of the Bonds and their respective counsel may rely upon this opinion as if it were specifically addressed to each.

**STOEL RIVES BOLEY JONES & GREY**

By DRAFT ONLY—NOT SIGNED
Patrick G. Boylston

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## APPENDIX D

## PROPOSED FORM OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Converse County, Wyoming
107 North 5th Street
Douglas, Wyoming 82632

Wells Fargo Bank, National Association
301 South College Street, 7th Floor
Charlotte, North Carolina 28202

Re: $22,485,000
Converse County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1992 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain Trust Indenture, dated as of September 1, 1992, as heretofore amended and supplemented (the *"Original Indenture"*), between Converse County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*) and (b) Section 4.03(b) of that certain Loan Agreement, dated as of September 1, 1992 (the *"Original Loan Agreement"*), between the Issuer and PacifiCorp (the *"Company"*). Prior to the date hereof, payment of principal and purchase price of and interest on the Bonds was not secured by a credit facility. On the date hereof, the Company desires to deliver a Letter of Credit (the *"Letter of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*), for the benefit of the Trustee. In order to provide for the delivery of the Letter of Credit and to make certain other permitted changes in connection therewith to the Original Indenture and the Original Loan Agreement, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the Third Supplemental Trust Indenture, dated as of September 1, 2010 (the *"Third Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to

enter into the First Supplemental Loan Agreement, dated as of September 1, 2010 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Original Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the Third Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The Third Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment or supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The Third Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The delivery of the Letter of Credit complies with the terms of the Original Loan Agreement.

6. The (a) execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement and (b) the delivery of the Letter of Credit will not cause interest on the Bonds to become includible in the gross income of the owners thereof for purposes of federal income taxation.

At the time of the issuance of the Bonds, Stoel Rives Boley Jones & Grey rendered their approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate (as defined in the Original Indenture) and other documents relating to the Bonds, or to review any other events that may have occurred since such approving opinion was rendered other than with respect to the Company in connection with (a) the adjustment of the interest rate on the Bonds described in our opinion dated November 12, 1999, (b) the execution and delivery of the First Supplemental Trust Indenture, dated as of November 1, 1999, (c) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 1, 2005 and (d) the execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement and the delivery of the Letter of Credit described herein. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Sweetwater County, Wyoming
80 West Flaming Gorge Way
Green River, Wyoming 82935

Wells Fargo Bank, National Association
301 South College Street, 7th Floor
Charlotte, North Carolina 28202

Re: $9,335,000
Sweetwater County, Wyoming
Pollution Control Revenue
Refunding Bonds
(PacifiCorp Project) Series 1992A

$6,305,000
Sweetwater County, Wyoming
Pollution Control Revenue
Refunding Bonds
(PacifiCorp Project) Series 1992B

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain Trust Indenture, dated as of September 1, 1992, as heretofore amended and supplemented (the *"Original Indenture"*), between Sweetwater County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*) and (b) Section 4.03(b) of that certain Loan Agreement, dated as of September 1, 1992 (the *"Original Loan Agreement"*), between the Issuer and PacifiCorp (the *"Company"*). Prior to the date hereof, payment of principal and purchase price of and interest on the $9,335,000 Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1992A (the *"Series 1992A Bonds"*) and the $6,305,000 Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1992B (the *"Series 1992B Bonds"* and, collectively with the Series 1992A Bonds, the *"Bonds"*) was not secured by a credit facility. On the date hereof, the Company desires to deliver a separate Letter of Credit (each a *"Letter of Credit"* and, collectively, the *"Letters of Credit"*) for each Series of the Bonds to be issued by Wells Fargo Bank, National Association (the *"Bank"*), for the benefit of the Trustee. In order to provide for the delivery of the Letters of Credit and to make certain other permitted changes in connection therewith to the Original Indenture and the Original Loan Agreement, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the Third Supplemental Trust Indenture, dated as of September 1, 2010 (the *"Third Supplemental Indenture"*), in order to amend and

restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of September 1, 2010 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Original Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the Third Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The Third Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment or supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The Third Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The delivery of the Letters of Credit complies with the terms of the Original Loan Agreement.

6. The (a) execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement and (b) the delivery of the Letters of Credit will not cause interest on the Bonds to become includible in the gross income of the owners thereof for purposes of federal income taxation.

At the time of the issuance of the Bonds, Stoel Rives Boley Jones & Grey rendered their approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate (as defined in the Original Indenture) and other documents relating to the Bonds, or to review any other events that may have occurred since such approving opinion was rendered other than with respect to the Company in connection with (a) the adjustment of the interest rate on the Bonds described in our opinion dated November 12, 1999, (b) the execution and delivery of the First Supplemental Trust Indenture, dated as of November 1, 1999, (c) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 1, 2005 and (d) the execution and delivery of the Third Supplemental Indenture and the First Supplemental Loan Agreement and the delivery of the Letters of Credit described herein. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

**APPENDIX E**

**FORM OF LETTER OF CREDIT**

## IRREVOCABLE LETTER OF CREDIT

September 22, 2010

Letter of Credit No. _____

The Bank of New York Mellon Trust Company, N.A., as Trustee
2 North LaSalle Street, Suite 1020
Chicago, IL 60602

Attention: Global Corporate Trust

Ladies and Gentlemen:

We hereby establish in your favor, as Trustee for the benefit of the owners of the Bonds (as defined below) under the Indenture described below, at the request and for the account of PacifiCorp, an Oregon corporation, our irrevocable letter of credit in the amount of U.S. $_____ (_____ Dollars) in connection with the Bonds available with ourselves by sight payment against presentation of one or more signed and dated demands addressed by you to Wells Fargo Bank, National Association, U.S. Trade Services, Standby Letter of Credit Office, MAC A0195-212, One Front Street, 21st Floor, San Francisco, California 94111 (the "Presentation Office"), each in the form of Annex A (an "A Drawing"), Annex B (a "B Drawing"), Annex C (a "C Drawing"), or Annex D (a "D Drawing") hereto (with all instructions in brackets therein being complied with). Each such demand must be presented to us (1) in its signed and dated original form at the Presentation Office (as hereinafter defined), or (2) by facsimile transmission of such signed and dated original form to our facsimile number specified after our signature on this Letter of Credit (the "Wells Fargo Fax Number").

Each such presentation must be made to the Presentation Office on a Business Day (a day on which the Presentation Office is open to conduct its letter of credit business) at or before 5:00 p.m. local time at the Presentation Office.

This Letter of Credit expires at the Presentation Office on September 22, 2011, but shall be automatically extended, without written amendment, to, and shall expire on, September 22, 2012 unless on or before August 24, 2011 you have received written notice from us sent by express courier or registered mail to your address above, or by facsimile transmission to your Fax number (312) 827-8542 (the "Beneficiary Fax Number"), that we elect not to extend this Letter of Credit beyond the September 22, 2011. (The date on which this Letter of Credit expires pursuant to the preceding sentence, or if such date is not a Business Day then the first (1st) succeeding Business Day thereafter, will be hereinafter referred to as the "Expiration Date".) To be effective, such notice from us must be received by you on or before August 24, 2011.

The amount of any demand presented hereunder will be the amount inserted in numbered Paragraph 4 of said demand. By honoring any such demand we make no representation as to the correctness of the amount demanded.

We hereby agree with you that each demand presented hereunder in full compliance with the terms hereof will be duly honored by our payment to you of the amount of such demand, in immediately available funds of Wells Fargo Bank, National Association:

(i) not later than 10:00 a.m., local time at the Presentation Office, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before noon, local time at the Presentation Office, or

(ii) not later than 10:00 a.m., local time at the Presentation Office, on the second Business Day following the Business Day on which such demand is presented to us as aforesaid, if such presentation is made to us after noon, local time at the Presentation Office.

Notwithstanding the foregoing, any demand presented hereunder, in full compliance with the terms hereof, for a C Drawing will be duly honored (i) not later than 11:30 a.m., local time at the Presentation Office, on the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before 9:00 a.m., local time at the Presentation Office, and (ii) not later than 11:00 a.m., local time at the Presentation Office, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us after 9:00 a.m., local time at the Presentation Office.

If the remittance instructions included with any demand presented under this Letter of Credit require that payment is to be made by transfer to an account with us or with another bank, we and/or such other bank may rely solely on the account number specified in such instructions even if the account is in the name of a person or entity different from the intended payee.

With respect to any demand that is honored hereunder, the total amount of this Letter of Credit shall be reduced as follows:

With respect to each A Drawing paid by us, the total amount of this Letter of Credit shall be reduced by the amount of such A Drawing with respect to all demands presented to us after the time we receive such A Drawing; provided, however, that the amount of such A Drawing shall be automatically reinstated on the eighth (8th) Business Day following the date such A Drawing is honored by us, unless (i) you shall have received notice from us sent to you at your above address by express courier or registered mail, or by facsimile transmission to the Beneficiary Fax Number, no later than seven (7) Business Days after such A Drawing is honored by us that there shall be no such reinstatement, or (ii) such eighth (8th) Business Day falls after the Expiration Date;

With respect to each B Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such B Drawing by the sum of (1) the amount inserted as principal in paragraph

5(A) of the B Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the B Drawing and (b) interest on the amount inserted as principal in paragraph 5(A) of the B Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent), and no part of such sum shall be reinstated;

With respect to each C Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such C Drawing by the sum of (1) the amount inserted as principal in paragraph 5(A) of the C Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the C Drawing and (b) interest on the amount inserted as principal in paragraph 5(A) of the C Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent); provided, however, that if the Bonds related to such C Drawing are remarketed and the remarketing proceeds are paid to us prior to the Expiration Date, then on the day we receive such remarketing proceeds the amount of this Letter of Credit shall be reinstated by an amount which equals the sum of (i) the amount paid to us from such remarketing proceeds and (ii) interest on such amount calculated for the same number of days, at the same interest rate, and on the basis of a year of the same number of days as is specified in (2)(b) of this paragraph (C) (with any fraction of a cent being rounded upward to the nearest whole cent), with such reinstatement and its amount being promptly advised to you; provided, however, that in no event will the total amount of all C Drawing reinstatements exceed the total amount of all Letter of Credit reductions made pursuant to this paragraph (C).

Upon presentation to us of a D Drawing in compliance with the terms of this Letter of Credit, no further demand whatsoever may be presented hereunder.

No more than one A Drawing which we honor shall be presented to us during any consecutive twenty-seven (27) calendar day period. No A Drawing which we honor shall be for an amount more than U.S. $_____.

It is a condition of this Letter of Credit that the amount available for drawing under this Letter of Credit shall be decreased automatically without amendment upon our receipt of each reduction authorization in the form of Annex E to this Letter of Credit (with all instructions therein in brackets being complied with) sent to us (1) in its signed and dated original form at the Presentation Office, or (2) by facsimile transmission of such signed and dated original form to the Wells Fargo Fax Number.

This Letter of Credit is subject to, and engages us in accordance with the terms of, the Uniform Customs and Practice for Documentary Credits (2007 Revision), Publication No. 600 of the International Chamber of Commerce (the "UCP" or "Governing Rules"); provided, however, that if any provision of the UCP contradicts a provision of this Letter of Credit such provision of the UCP will not be applicable to this Letter of Credit, and provided further that Article 32, the second sentence of Article 36, and subsection (e) of Article 38 of the UCP shall not apply to this Letter of Credit. Furthermore, as provided in the first sentence of Article 36 of the UCP, we assume no liability or responsibility for consequences arising out of the interruption of our

business by Acts of God, riots, civil commotions, insurrections, wars, acts of terrorism, or by any strikes or lockouts, or any other causes beyond our control. Matters related to this Letter of Credit which are not covered by the UCP will be governed by the laws of the State of California, including, without limitation, the Uniform Commercial Code as in effect in the State of California, except to the extent such laws are inconsistent with the provisions of the UCP or this Letter of Credit.

This Letter of Credit is transferable and may be transferred more than once, but in each case only in the amount of the full unutilized balance hereof to any single transferee who you shall have advised us pursuant to Annex F has succeeded The Bank of New York Mellon Trust Company, N.A. or a successor trustee as Trustee under the Trust Indenture Amended and Restated as of September 1, 2010, as amended or supplemented from time to time (the "Indenture") between _____ County, Wyoming (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $_____ in aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series _____ (the "Bonds") were issued. Transfers may be effected only through ourselves and only upon presentation to us at the Presentation Office of a duly signed and dated instrument of transfer in the form attached hereto as Annex F (with all instructions therein in brackets complied with). Any transfer of this Letter of Credit as aforesaid must be endorsed by us on the reverse hereof and may not change the place for presentation of demands to a place other than the Presentation Office.

All payments hereunder shall be made from our own funds.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds and the Indenture), except the Governing Rules to the extent that they are not inconsistent with or made inapplicable by this Letter of Credit; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except the Governing Rules.

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: _____
[Authorized Signature]

San Francisco Standby Letter of Credit Office
Telephone No.: 1-800-798-2815
Facsimile No.: (415) 296-8905

## DRAWING FOR INTEREST ON AN ORDINARY INTEREST PAYMENT DATE

WELLS FARGO BANK, NATIONAL ASSOCIATION
U.S. TRADE SERVICES, STANDBY LETTER OF CREDIT OFFICE
MAC A0195-212, ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF STANDBY LETTER OF CREDIT OFFICE**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT, ON AN INTEREST PAYMENT DATE (AS DEFINED IN THE INDENTURE), OF UNPAID INTEREST ON THE BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS **$[INSERT AMOUNT]**.

(5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(6) IF THIS DEMAND IS RECEIVED AT THE PRESENTATION OFFICE BY YOU AT OR BEFORE NOON, LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

Annex B to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. _____

## DRAWING FOR PRINCIPAL AND INTEREST UPON AN OPTIONAL OR MANDATORY REDEMPTION OF LESS THAN ALL THE BONDS

WELLS FARGO BANK, NATIONAL ASSOCIATION
U.S. TRADE SERVICES, STANDBY LETTER OF CREDIT OFFICE
MAC A0195-212, ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF STANDBY LETTER OF CREDIT OFFICE.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND THE UNPAID INTEREST ON, REDEEMED BONDS UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE BONDS CURRENTLY OUTSTANDING.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT HEREBY DEMANDED IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF THE REDEEMED BONDS AND (B)

**$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE REDEEMED BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

[INSERT SIGNATURE AND DATE]

Annex C to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. _____

## DRAWING FOR PRINCIPAL AND INTEREST ON BONDS WHICH THE REMARKETING AGENT CANNOT REMARKET

WELLS FARGO BANK, NATIONAL ASSOCIATION
U.S. TRADE SERVICES, STANDBY LETTER OF CREDIT OFFICE
MAC A0195-212, ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF STANDBY LETTER OF CREDIT OFFICE.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND INTEREST DUE ON, THOSE BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF PRINCIPAL OF THE BONDS AND (B) **$[INSERT**

**AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF INTEREST DUE ON THE BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE 9:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER 9:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

Annex D to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. _____

## DRAWING FOR TOTAL UNPAID PRINCIPAL AND INTEREST ON ALL BONDS UPON THEIR STATED MATURITY, ACCELERATION, MANDATORY TENDER, OR REDEMPTION

WELLS FARGO BANK, NATIONAL ASSOCIATION
U.S. TRADE SERVICES, STANDBY LETTER OF CREDIT OFFICE
MAC A0195-212, ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF THE STANDBY LETTER OF CREDIT OFFICE**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE TOTAL UNPAID PRINCIPAL OF, AND UNPAID INTEREST ON, ALL OF THE BONDS WHICH ARE CURRENTLY OUTSTANDING UPON (A) THE STATED MATURITY OF ALL SUCH BONDS, (B) THE ACCELERATION OF ALL SUCH BONDS FOLLOWING AN EVENT OF DEFAULT UNDER THE INDENTURE (C) [THE MANDATORY TENDER OF ALL SUCH BONDS,] OR (D) THE REDEMPTION OF ALL SUCH BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS SET FORTH IN PARAGRAPH 5, BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID PRINCIPAL OF THE OUTSTANDING BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE OUTSTANDING BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

Annex E to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. _____

## LETTER OF CREDIT REDUCTION AUTHORIZATION

WELLS FARGO BANK, NATIONAL ASSOCIATION
U.S. TRADE SERVICES, STANDBY LETTER OF CREDIT OFFICE
MAC A0195-212, ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF THE STANDBY LETTER OF CREDIT OFFICE**

**[INSERT NAME OF BENEFICIARY],** WITH REFERENCE TO LETTER OF CREDIT NO. _____ ISSUED BY WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK"), HEREBY UNCONDITIONALLY AND IRREVOCABLY REQUESTS THAT THE BANK DECREASE THE AMOUNT AVAILABLE FOR DRAWING UNDER THE LETTER OF CREDIT BY **$[INSERT AMOUNT]**.

**[FOR SIGNED REDUCTION AUTHORIZATIONS ONLY]**

**[INSERT NAME OF BENEFICIARY]**

**By: [INSERT SIGNATURE]**

**TITLE: [INSERT TITLE]**

**DATE: [INSERT DATE]**

Annex F to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. _____

# TRANSFER OF LETTER OF CREDIT

WELLS FARGO BANK, NATIONAL ASSOCIATION
U.S. TRADE SERVICES, STANDBY LETTER OF CREDIT OFFICE
MAC A0195-212, ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF THE STANDBY LETTER OF CREDIT OFFICE**

**[INSERT DATE]**

Subject: Your Letter of Credit No. _____

Ladies and Gentlemen:

For value received, we hereby irrevocably transfer all of our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended, increased or reduced to:

_____
**[Name of Transferee]**

_____
_____
_____
**[Address of Transferee]**

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us.

The original Letter of Credit is returned with all amendments to this date. Please notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions to this Letter of Credit, including amendments as transferred.

You are hereby advised that the transferee named above has succeeded The Bank of New York Mellon Trust Company, N.A., or a successor trustee as Trustee under the Trust Indenture Amended and Restated as of September 1, 2010, as amended or supplemented from time to time (the "Indenture") between _____ County, Wyoming (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $_____ in aggregate

principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series _____ (the "Bonds") were issued.

Very truly yours,

**[Insert Name of Transferor]**

By: _____
**[Insert Name and Title]**

**TRANSFEROR'S SIGNATURE GUARANTEED**

By: _____
**[Bank Name]**

By: _____
**[Insert Name and Title]**

By its signature below, the undersigned transferee acknowledges that it has duly succeeded The Bank of New York Mellon Trust Company or a successor trustee as Trustee under the Indenture.

**[Insert Name of Transferee]**

By: _____
**[Insert Name and Title]**

**Telephone:_____ [Insert Telephone Number]**

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**SUPPLEMENT DATED JUNE 22, 2012 TO REOFFERING CIRCULAR DATED MAY 25, 2010**

**$45,000,000**
**Lincoln County, Wyoming**
**Pollution Control Revenue Refunding Bonds**
**(PacifiCorp Project)**
**Series 1991**
**(CUSIP 533485 AZ1*)**

This Supplement amends and supplements the accompanying Reoffering Circular dated May 25, 2010 (the "Reoffering Circular") relating to the above-captioned bonds (the "Bonds"). All terms used in this Supplement shall, unless otherwise defined in this Supplement, have the same meanings assigned to them in the Reoffering Circular.

Effective June 22, 2012, the Letter of Credit will be extended in accordance with its terms to and will expire on June 21, 2013. The Letter of Credit will not be amended or otherwise changed except to effect such extension. In conjunction with the extension of the Letter of Credit, the Company will transfer its obligations under the Letter of Credit and related Letter of Credit Agreement from the Credit Agreement described under "THE LETTER OF CREDIT AND THE CREDIT AGREEMENT—CREDIT AGREEMENT" in the Reoffering Circular to the substantially identical $800,000,000 Amended and Restated Credit Agreement dated July 6, 2006 (as amended by the First Amendment dated April 15, 2009 and the Second Amendment dated as of January 6, 2012, the "2006 Credit Agreement") among the Company, the financial institutions party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and The Royal Bank of Scotland, plc, as Syndication Agent. The Letter of Credit Agreement will be amended effective June 22, 2012 to reflect the transfer of the Company's obligation thereunder to the 2006 Credit Agreement. From and after June 22, 2012, the term "Credit Agreement" in the Reoffering Circular shall mean and refer to the 2006 Credit Agreement, and the term "Letter of Credit Agreement" shall mean and refer to such agreement, as so amended.

Descriptions of PacifiCorp and of Wells Fargo Bank, National Association are attached as Appendices A and B, respectively, to the Reoffering Circular in lieu of the original Appendices A and B.

The Company has approved this Supplement for distribution by the Remarketing Agent to current Bondholders and potential purchasers of the Bonds. THE ISSUER MAKES NO REPRESENTATION WITH RESPECT TO AND HAS NOT PARTICIPATED IN THE PREPARATION OF ANY PORTION OF THIS SUPPLEMENT.

The Remarketing Agent has provided the following sentence for inclusion in this Supplement. The Remarketing Agent has reviewed the information in this Supplement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

**Wells Fargo Bank, National Association**
Remarketing Agent

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# REOFFERING CIRCULAR

NOT A NEW ISSUE
Book-Entry Only

The opinion of Chapman and Cutler, Bond Counsel, delivered on January 17, 1991, states that, subject to compliance by the Company and the Issuer with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under then existing law (a) interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) interest on the Bonds is not treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. However, such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations. Such opinion of Bond Counsel was also to the effect that under then existing law the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. Such opinion has not been updated as of the date hereof. See "TAX EXEMPTION" herein for a more complete discussion.

**$45,000,000**
**LINCOLN COUNTY, WYOMING**
**POLLUTION CONTROL REVENUE REFUNDING BONDS**
**(PACIFICORP PROJECT)**
**SERIES 1991**

**Dated: January 17, 1991** **Due: January 1, 2016**

The Bonds described in this Reoffering Circular are limited obligations of the Issuer and, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, are payable solely from and secured by a pledge of payments to be made under the Loan Agreement entered into by the Issuer with, and secured by First Mortgage Bonds issued by,

## PacifiCorp

On June 1, 2010, the Bonds will be remarketed and will bear interest at a Weekly Interest Rate payable the first Business Day of each month commencing July 1, 2010. The initial Weekly Interest Rate and each subsequent Weekly Interest Rate to be borne by the Bonds will be determined by the Remarketing Agent. Thereafter, the interest rate on the Bonds may be changed from time to time to Daily, Weekly, Flexible or Term Interest Rates, designated and determined in accordance with the Indenture and, in the case of the Daily and Weekly Interest Rates, as described herein. The Bonds are subject to purchase at the option of the owners thereof and, under certain circumstances, are subject to mandatory purchase in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

Following the remarketing of the Bonds on June 1, 2010, the payment of the principal of and interest on the Bonds and the payment of the purchase price of the Bonds tendered for purchase and not remarketed will be supported by an irrevocable Letter of Credit issued by Wells Fargo Bank, National Association, to The Bank of New York Mellon Trust Company, N.A., as Trustee, for the benefit of the registered holders of the Bonds.

## Wells Fargo Bank, National Association

The Letter of Credit will expire by its terms on June 1, 2011, unless it expires earlier in accordance with its terms. The Letter of Credit will be automatically extended to, and shall expire on June 1, 2012, unless the Trustee receives notice of the Bank's election not to extend on or before May 2, 2011. The Letter of Credit may be replaced by an Alternate Credit Facility as permitted under the Indenture and Loan Agreement. Unless the Letter of Credit is extended before its scheduled expiration date, the Bonds will be subject to mandatory tender for purchase prior to such expiration date. THIS REOFFERING CIRCULAR ONLY PERTAINS TO THE BONDS WHILE THEY ARE SECURED BY THE LETTER OF CREDIT PROVIDED BY THE BANK.

The Bonds are issuable as fully registered Bonds without coupons and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. DTC initially will act as securities depository for the Bonds. Only beneficial interests in book-entry form are being offered. The Bonds are issuable during any Weekly Interest Rate Period in denominations of $100,000 and any integral multiple thereof (provided that one Bond need not be in a multiple of $100,000 but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations). So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the principal of and premium, if any, and interest on the Bonds will be paid by the Trustee directly to DTC, which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry System."

**Price 100%**

The Bonds are reoffered by the Remarketing Agent referred to below, subject to withdrawal or modification of the offer without notice and certain other conditions. At the time of the original issuance and delivery of the Bonds, Chapman and Cutler, Bond Counsel to the Company, delivered its opinion as to the legality of the Bonds. Such opinion spoke only as to its date of delivery and will not be reissued in connection with this reoffering. Certain legal matters in connection with the reoffering will be passed upon by Chapman and Cutler LLP, Bond Counsel to the Company. Certain legal matters in connection with the remarketing will be passed upon for PacifiCorp by Paul J. Leighton, Esq., counsel to the Company. Certain legal matters will be passed upon for the Remarketing Agent by King & Spalding LLP. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, on or about June 1, 2010.

## Wells Fargo Bank, National Association

May 25, 2010

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Reoffering Circular in connection with the offering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by Lincoln County, Wyoming (the *"Issuer"*), PacifiCorp (the *"Company"*) or Wells Fargo Bank, National Association, as Remarketing Agent. Neither the delivery of this Reoffering Circular nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or the Company any since the date hereof. The Remarketing Agent has reviewed the information in this Reoffering Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but does not guarantee the accuracy or completeness of such information. This Reoffering Circular does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offering or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The Issuer has not assumed nor will it assume any responsibility as to the accuracy or completeness of the information in this Reoffering Circular. Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Reoffering Circular or, other than the Issuer, approved the Bonds for sale.

In connection with this offering, the Remarketing Agent may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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# REOFFERING CIRCULAR

# $45,000,000
# LINCOLN COUNTY, WYOMING
# POLLUTION CONTROL REVENUE REFUNDING BONDS
# (PACIFICORP PROJECT)
# SERIES 1991

## INTRODUCTORY STATEMENT

This Reoffering Circular, including the Appendices hereto and the documents incorporated by reference herein, is provided to furnish certain information with respect to the reoffering by Lincoln County, Wyoming (the *"Issuer"*) of $45,000,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991(the *"Bonds"*).

The Bonds have been issued under a Trust Indenture, dated as of January 1, 1991, as heretofore amended, supplemented and restated (the *"Trust Indenture"*), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*), as further amended and restated by a Fourth Supplemental Trust Indenture, dated as of June 1, 2010, (the *"Fourth Supplemental Indenture"*), between the Issuer and the Trustee, and under a resolution of the governing body of the Issuer. The Trust Indenture, as amended and restated by the Fourth Supplemental Indenture, is sometimes referred to herein as the *"Indenture."* Pursuant to a Loan Agreement, dated as of January 1, 1991, as heretofore amended, supplemented and restated (the *"Original Loan Agreement"*), between PacifiCorp (the *"Company"*) and the Issuer, as further amended and restated by a Second Supplemental Loan Agreement, dated as of June 1, 2010, between the Company and the Issuer (the *"Second Supplemental Loan Agreement"*), the Issuer has lent the proceeds from the original sale of the Bonds to the Company. The Original Loan Agreement, as amended and restated by the Second Supplemental Loan Agreement, is sometimes referred to herein as the *"Loan Agreement."*

The proceeds of the Bonds were used, together with certain other moneys of the Company, to refund all of the outstanding $45,000,000 principal amount of Lincoln County, Wyoming Pollution Control Revenue Bonds 11-1/8% Series due April 1, 2011 (Utah Power & Light Company Project) (the *"Prior Bonds"*). The Prior Bonds were assumed by the Company as the surviving corporation in its 1989 merger with Utah Power & Light Company, a Utah corporation, and PacifiCorp, a Maine corporation. The Prior Bonds were issued to finance certain qualifying air pollution control facilities as described herein. See "THE PROJECT."

In order to secure the Company's obligation to repay the loan made to it by the Issuer under the Loan Agreement, the Company has issued and delivered to the Trustee its First Mortgage and Collateral Trust Bonds, Fourth 2003 Series (the *"First Mortgage Bonds"*) in a principal amount equal to the principal amount of the Bonds. The First Mortgage Bonds may be released upon delivery of collateral in substitution for the First Mortgage Bonds provided that certain conditions are met as described below under "THE LOAN AGREEMENT—Loan Payments;

The First Mortgage Bonds." The First Mortgage Bonds were issued under the Mortgage and Deed of Trust, dated as of January 9, 1989 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Company Mortgage Trustee"*), as supplemented and amended by various supplemental indentures, including a Fifteenth Supplemental Indenture, dated as of June 1, 2003 (the *"Fifteenth Supplemental Indenture"*), all collectively hereinafter referred to as the *"Company Mortgage."* As holder of the First Mortgage Bonds, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Company Mortgage, enjoy the benefit of a lien on properties of the Company. See "THE FIRST MORTGAGE BONDS—Security" for a description of the properties of the Company subject to the lien of the Company Mortgage. The Bonds will not otherwise be secured by a mortgage of, or security interest in, the Project (as hereinafter defined). The First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the *"Owners"* of the Bonds and will not be transferable except to a successor trustee under the Indenture. *"Owner"* means the registered owner of any Bond; *provided, however,* when used in the context of the Tax-Exempt (as hereinafter defined) status of the Bonds, the term *"Owner"* includes each actual purchaser of any Bond (*"Beneficial Owner"*).

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations and not general obligations of the Issuer. None of the Indenture, the Bonds or the Loan Agreement constitutes a debt or gives rise to a general obligation or liability of the Issuer or constitutes an indebtedness under any constitutional or statutory debt limitation. The Bonds will not constitute or give rise to a pecuniary liability of the Issuer thereof and will not constitute any charge against the Issuer's general credit or taxing powers; nor will the Bonds constitute an indebtedness of or a loan of credit of the Issuer. The Bonds are payable solely from the receipts and revenues to be received from the Company as payments under the Loan Agreement, or otherwise on the First Mortgage Bonds, and from any other moneys pledged therefor. Such receipts and revenues and all of the Issuer's rights and interests under the Loan Agreement (except as noted under "THE INDENTURE—Pledge and Security" below) are pledged and assigned to the Trustee as security, equally and ratably, for the payment of the Bonds. The payments required to be made by the Company under the Loan Agreement, or otherwise on the First Mortgage Bonds, will be sufficient, together with other funds available for such purpose, to pay the principal of and premium, if any, and interest on the Bonds. Under no circumstances will the Issuer have any obligation, responsibility or liability with respect to the Project, the Loan Agreement, the Indenture, the Bonds or this Reoffering Circular, except for the special limited obligation set forth in the Indenture and the Loan Agreement whereby the Bonds are payable solely from amounts derived from the Company and the Letter of Credit (or Alternate Credit Facility (as hereinafter defined), as the case may be). Nothing contained in the Indenture, the Bonds or the Loan Agreement, or in any other related documents may be construed to require the Issuer to operate, maintain or have any responsibility with respect to the Project. The Issuer has no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse may be had against any past, present or future commissioner, officer, employee, official or agent of the Issuer under the Indenture, the Bonds, the Loan Agreement or any related document. The Issuer has no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds.

The Bonds will be supported by an irrevocable Letter of Credit (the *"Letter of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*) in favor of the Trustee, as beneficiary.

Under the Letter of Credit, the Trustee will be entitled to draw, upon a properly presented and conforming drawing, up to an amount sufficient to pay one hundred percent (100%) of the principal amount of the Bonds on the date of the draw (whether at maturity, upon acceleration, mandatory or optional purchase or redemption), plus 48 days' accrued interest on the Bonds, at a rate of up to the maximum interest rate of twelve percent (12%) per annum calculated on the basis of a year of 365 days for the actual days elapsed, so long as the Bonds bear interest at the Weekly Interest Rate or the Daily Interest Rate. The Company has agreed to reimburse the Bank for drawings made under the Letter of Credit and to make certain other payments to the Bank. The Letter of Credit will expire on June 1, 2011, unless extended or earlier terminated in accordance with its terms. See "THE LETTER OF CREDIT."

The Bank has also been appointed by the Company as Remarketing Agent with respect to the Bonds (in such capacity, the *"Remarketing Agent"*). The Company will enter into a Remarketing Agreement with the Remarketing Agent with respect to the Bonds to be remarketed by the Remarketing Agent.

Under certain circumstances described in the Loan Agreement, the Letter of Credit may be replaced by an alternate credit facility supporting payment of the principal of and interest on the Bonds when due and for the payment of the purchase price of tendered or deemed tendered Bonds (an *"Alternate Credit Facility"*). The entity or entities, as the case may be, obligated to make payment on an Alternate Credit Facility are referred to herein as the *"Obligor on an Alternate Credit Facility."* Under certain circumstances, the replacement of the Letter of Credit or an Alternate Credit Facility will result in the mandatory purchase of Bonds. See "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

Brief descriptions of the Issuer, the Project and the Bank and summaries of certain provisions of the Bonds, the Loan Agreement, the Letter of Credit, the Indenture and the First Mortgage Bonds are included in this Reoffering Circular, including the Appendices hereto. Information regarding the business, properties and financial condition of the Company is included in and incorporated by reference in APPENDIX A hereto. A brief description of the Bank is included as APPENDIX B hereto. APPENDIX C sets forth the approving opinion of Chapman and Cutler, Bond Counsel, delivered on the date of original issuance of the Bonds. APPENDIX D sets for the form of opinion of Chapman and Cutler LLP, relating to the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement and the delivery of the Letter of Credit. Included as APPENDIX F is a copy of the Continuing Disclosure Agreement that was executed and delivered by the Company on June 2, 2003 (the *"Continuing Disclosure Agreement"*), with respect to the Bonds.

The descriptions herein of the Loan Agreement, the Indenture, the Company Mortgage and the Letter of Credit are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds and the First Mortgage Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid

documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights generally. Copies of such documents, except the Company Mortgage, may be obtained from the principal corporate trust office of the Trustee in Chicago, Illinois. The Company Mortgage is available for inspection at the office of the Company and at the principal office of the Company Mortgage Trustee in New York, New York.

**This Reoffering Circular provides certain information with respect to the Bank, the terms of, and security for the Bonds and other related matters. While certain information relating to the Company is included and incorporated within, the Bonds are being remarketed on the basis of the Letter of Credit and the financial strength of the Bank and are not being remarketed on the basis of the financial strength of the Issuer, the Company or any other security. This Reoffering Circular does not describe the financial condition of the Company and no representation is made concerning the financial status or prospects of the Company or the value or financial viability of the Project.**

*As this Reoffering Circular is being initially circulated in connection with the adjustment to a Weekly Interest Rate Period and the delivery of the Letter of Credit, generally only the Daily and Weekly Interest Rate Periods are described herein.*

## THE ISSUER

Lincoln County is a political subdivision, duly organized and existing under the Constitution and laws of Wyoming. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended (the *"Act"*), Lincoln County was and is authorized to issue the Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

## THE PROJECT

The Prior Bonds were issued to finance qualifying air pollution control facilities (the *"Project"*) for the Naughton coal-fired electric generating plant (the *"Plant"*) located in Lincoln County.

## THE BONDS

*The following is a summary of certain provisions of the Bonds. Reference is hereby made to the form of the Bonds in its entirety for the detailed provisions thereof. Initially capitalized terms used herein and not otherwise defined are used as defined in the Indenture.*

### GENERAL

The Bonds have been issued only as fully registered Bonds without coupons in the manner described below. The Bonds were dated as of their initial date of delivery and mature on

the date set forth on the cover page of this Reoffering Circular. The Bonds may bear interest at Daily, Weekly, Flexible or Term Interest Rates designated and determined from time to time in accordance with the Indenture and, with respect to the Daily and Weekly Interest Rates, as described herein. Following the reoffering of the Bonds on June 1, 2010, the Rate Period (as defined below) for the Bonds will be a Weekly Interest Rate Period. The Bonds are subject to purchase at the option of the holders of the Bonds, and under certain circumstances are subject to mandatory purchase, in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

Bonds may be transferred or exchanged for other Bonds in authorized denominations at the principal office of the Trustee as the registrar and paying agent (in such capacities, the *"Registrar"* and the *"Paying Agent"*). The Bonds will be issued in authorized denominations of $100,000 or any integral multiple of $100,000 (provided that one Bond need not be in a multiple of $100,000, but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate (the *"Authorized Denominations"*). Exchanges and transfers will be made without charge to the Owners, except for any applicable tax or other governmental charge.

A *"Business Day"* is a day except a Saturday, Sunday or other day (a) on which commercial banks located in the cities in which the principal office of the Bank or the principal office of the Obligor on an Alternate Credit Facility, as the case may be, the principal office of the Trustee, the principal office of the Remarketing Agent or the principal office of the Paying Agent are located are required or authorized by law to remain closed or are closed, or (b) on which The New York Stock Exchange, Inc. is closed.

*"Expiration of the Term of an Alternate Credit Facility"* means (a)(i) the date specified in the Alternate Credit Facility as the expiration date for the Alternate Credit Facility, (ii) the date on which an Alternate Credit Facility is delivered or substituted in accordance with the provisions hereof and of the Agreement for the commitment of the then-existing Obligor on an Alternate Credit Facility or (iii) the date on which the Company terminates the Alternate Credit Facility in accordance the Loan Agreement, or (b) the date on which the commitment of the Obligor on an Alternate Credit Facility to provide moneys for the purchase of Bonds pursuant to the Alternate Credit Facility is otherwise terminated in accordance with its terms. See also "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

*"Expiration of the Term of the Letter of Credit"* means (a)(i) the *"Expiration Date"* as defined in the Letter of Credit or (ii) the date on which an Alternate Credit Facility is delivered or substituted for the Letter of Credit in accordance with the provisions hereof and of the Agreement or (iii) the date on which the Company terminates the Letter of Credit in accordance with the Loan Agreement, or (b) the date on which the commitment of the Bank to provide moneys for the purchase of Bonds pursuant to the Letter of Credit is otherwise terminated in accordance with its terms. See also "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

*"Interest Payment Date"* means (a) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month and (b) with respect to any Rate Period, the Business Day next succeeding the last day thereof.

*"Pledged Bonds"* means Bonds purchased with moneys drawn under the Letter of Credit to be deemed owned by the Company for purposes of granting a first priority lien upon Pledged Bonds hereunder, registered in the name of the Bank, as pledgee, or in the name of the Trustee (or its nominee), as agent for the Bank, delivered to or upon the direction of the Bank pursuant to the Indenture.

*"Rate Period"* means any Daily Interest Rate Period, Weekly Interest Rate Period, Flexible Interest Rate Period or Term Interest Rate Period.

*"Record Date"* means with respect to any Interest Payment Date in respect of any Daily Interest Rate Period or Weekly Interest Rate Period, the Business Day next preceding such Interest Payment Date.

*"Tax-Exempt"* means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is not includible in gross income of the owners of such obligations for federal income tax purposes, except for any interest on any such obligations for any period during which such obligations are owned by a person who is a "substantial user" of any facilities financed or refinanced with such obligations or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), whether or not such interest is includible as an item of tax preference or otherwise includible directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Internal Revenue Code of 1986, as amended (the *"Code"*).

PAYMENT OF PRINCIPAL AND INTEREST

The principal of and premium, if any, on the Bonds is payable to the Owners upon surrender thereof at the principal office of the Paying Agent. Except when the Bonds are held in book-entry form (see *"Book-Entry System"*), interest is payable (i) by bank check or draft mailed by first class mail on the Interest Payment Date to the Owners as of the Record Date or (ii) in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Bond if such account is maintained with the Paying Agent), but in respect of any Owner of Bonds in a Daily or Weekly Interest Rate Period only to any Owner which owns Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date and who has provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date.

Interest on each Bond is payable on each Interest Payment Date for each such Bond for the period commencing on the immediately preceding Interest Payment Date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such Interest Payment Date. Interest is computed, in the case of any Daily or Weekly Interest Rate Period, on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed.

RATE PERIODS

The term of the Bonds is divided into consecutive Rate Periods, during which such Bonds bear interest at a Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate.

WEEKLY INTEREST RATE PERIOD

*Determination of Weekly Interest Rate.* During each Weekly Interest Rate Period, the Bonds bear interest at the Weekly Interest Rate determined by the Remarketing Agent no later than the first day of such Weekly Interest Rate Period and thereafter no later than Tuesday of each week during such Weekly Interest Rate Period, unless any such Tuesday is not a Business Day, in which event the Weekly Interest Rate will be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday.

The Weekly Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Weekly Interest Rate for any period, the Weekly Interest Rate will be the same as the Weekly Interest Rate for the immediately preceding week. The first Weekly Interest Rate determined for each Weekly Interest Rate Period applies to the period commencing on the first day of the Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate applies to the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period applies to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. In no event may the Weekly Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

*Adjustment to Weekly Interest Rate Period.* The interest rate borne by the Bonds may be adjusted to a Weekly Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice must specify the effective date of such adjustment to a Weekly Interest Rate, which must be a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee); *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Weekly Interest Rate Period may not precede such redemption date.

*Notice of Adjustment to Weekly Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Weekly Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Weekly Interest Rate Period. Such notice must state (a) that the

interest rate on such Bonds will be adjusted to a Weekly Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Weekly Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DAILY INTEREST RATE PERIOD

*Determination of Daily Interest Rate.* During each Daily Interest Rate Period, the Bonds bear interest at the Daily Interest Rate determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for any day that is not a Business Day.

The Daily Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Daily Interest Rate for any day by 10:00 a.m., New York time, the Daily Interest Rate for such day will be the same as the Daily Interest Rate for the immediately preceding Business Day. In no event may the Daily Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

*Adjustment to Daily Interest Rate Period.* The interest rate borne by the Bonds may be adjusted to a Daily Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice must specify the effective date of the adjustment to a Daily Interest Rate, which must be a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee); *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Daily Interest Rate Period may not precede such redemption date.

*Notice of Adjustment to Daily Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Daily Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Daily Interest Rate Period. Such notice must state (a) that the interest rate on such Bonds will be adjusted to a Daily Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Daily Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DETERMINATION CONCLUSIVE

The determination of the interest rates referred to above is conclusive and binding upon the Remarketing Agent, the Trustee, the Paying Agent, the Issuer, the Company and the Owners of the Bonds.

RESCISSION OF ELECTION

The Company may rescind any election by it to adjust to a Rate Period prior to the effective date of such adjustment by giving written notice of rescission to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) prior to such effective date. At the time the Company gives notice of the rescission, it may also elect in such notice to continue the Rate Period then in effect. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the change in Rate Periods, then such notice of change in Rate Periods is of no force and effect and will not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment or an attempted adjustment from one Rate Period to another Rate Period does not become effective for any other reason, then the Rate Period for the Bonds will automatically adjust to or continue in a Daily Interest Rate Period and the Trustee will immediately give notice thereof to the Owners of the Bonds. If a Daily Interest Rate for the first day of any Daily Interest Rate Period to which a Rate Period is adjusted in accordance with this paragraph is not determined as described in "-Daily Interest Rate Period-Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). The Trustee will immediately give written notice of each such automatic adjustment to a Rate Period as described in this paragraph to the Owners.

Notwithstanding the rescission by the Company of any notice to adjust or continue a Rate Period, if notice has been given to Owners of such adjustment or continuation, the Bonds are subject to mandatory purchase as specified in such notice.

OPTIONAL PURCHASE

*Weekly Interest Rate Period.* During any Weekly Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Wednesday, or if such Wednesday is not a Business Day, the next succeeding Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable written notice or telephonic notice (promptly confirmed by telecopy or other writing) by 5:00 p.m., New York time, on any Business Day, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of

such Bond to be purchased and the date on which such Bond is to be purchased, which date may not be prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on the purchase date specified in such notice.

*Daily Interest Rate Period.* During any Daily Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee and to the Remarketing Agent at the Principal Office of the Remarketing Agent, not later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written or telephonic notice (promptly confirmed by telecopy or other writing), which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and the date of such purchase; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on such purchase date.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE BENEFICIAL OWNER OF THE BONDS THROUGH ITS DIRECT PARTICIPANT (AS HEREINAFTER DEFINED) MUST GIVE NOTICE TO THE TRUSTEE TO ELECT TO HAVE SUCH BONDS PURCHASED, AND MUST EFFECT DELIVERY OF SUCH BONDS BY CAUSING SUCH DIRECT PARTICIPANT TO TRANSFER ITS INTEREST IN THE BONDS EQUAL TO SUCH BENEFICIAL OWNER'S INTEREST ON THE RECORDS OF DTC TO THE TRUSTEE'S PARTICIPANT ACCOUNT WITH DTC. THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DTC PARTICIPANTS ON THE RECORDS OF DTC. SEE "—BOOK-ENTRY SYSTEM."

MANDATORY PURCHASE

The Bonds are subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the purchase date described below, upon the occurrence of any of the events stated below:

(a) on the effective date of any change in a Rate Period; or

(b) on the Business Day preceding an Expiration of the Term of the Letter of Credit or an Expiration of the Term of an Alternate Credit Facility; or

(c) on the next succeeding Business Day following the day that the Trustee receives notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that, following a drawing on the Letter of Credit or the Alternate Credit Facility on an Interest Payment Date for the payment of unpaid interest on the Bonds, the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms.

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (b) of the preceding paragraph, the Trustee will give notice by mail to the Remarketing Agent and the Owners of the Bonds of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, not less than 15 days prior to the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, which notice must (a) describe generally the Letter of Credit or any Alternate Credit Facility in effect prior to such Expiration, and any Alternate Credit Facility to be in effect upon such Expiration and state the effect date and the name of the provider thereof; (b) state the date of the Expiration; (c) state the rating or ratings, if any, which the Bonds are expected to receive from any rating agency following such Expiration; (d) state that the Bonds are subject to mandatory purchase; (e) state the purchase date; and (f) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the New York office designated by the Trustee as the "Delivery Office of the Trustee."

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (c) of the preceding paragraph, the Trustee will, immediately upon receipt of notice from the Bank or the Obligor on a Alternate Credit Facility, as the case may be, that the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms, give notice electronically and notice by overnight mail service to the Remarketing Agent and to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar, which notice shall (a) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such mandatory purchase; (b) state that the Letter of Credit or the Alternate Credit Facility, as the case may be, is not being reinstated in accordance with its terms; (c) state that the Bonds are subject to mandatory purchase; (d) state the purchase date; and (e) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the Delivery Office of the Trustee.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, NOTICES OF MANDATORY PURCHASE OF BONDS WILL BE GIVEN BY THE TRUSTEE TO DTC ONLY, AND NEITHER THE ISSUER, THE TRUSTEE, THE COMPANY NOR THE REMARKETING AGENT HAS ANY RESPONSIBILITY FOR THE DELIVERY OF ANY SUCH NOTICES BY DTC TO ANY DIRECT PARTICIPANTS OF DTC, BY ANY DIRECT PARTICIPANTS TO ANY INDIRECT PARTICIPANTS OF DTC OR BY ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO BENEFICIAL OWNERS OF THE BONDS. FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED

SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON THE RECORDS OF DTC. SEE "BOOK-ENTRY SYSTEM."

PURCHASE OF BONDS

On the date on which Bonds are delivered to the Trustee for purchase as specified above under "—Optional Purchase" or "—Mandatory Purchase," the Trustee will pay the purchase price of such Bonds solely from the following sources in the order of priority indicated, and the Trustee has no obligation to use funds from any other source:

(a) Available Moneys (as hereinafter defined) furnished by the Company to the Trustee for the purchase of Bonds;

(b) proceeds of the sale of such Bonds (other than Bonds sold to the Company, any subsidiary of the Company, any guarantor of the Company, or the Issuer or any "insider" (as defined in the United States Bankruptcy Code) of any of the aforementioned) by the Remarketing Agent;

(c) Available Moneys or moneys provided pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, for the payment of the purchase price of the Bonds furnished by the Trustee pursuant to the Indenture for the purchase of Bonds deemed paid in accordance with the defeasance provisions of the Indenture;

(d) moneys furnished pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, to the Trustee for the payment of the purchase price of the Bonds; and

(e) any other moneys furnished by the Company to the Trustee for purchase of the Bonds;

*provided, however,* that funds for the payment of the purchase price of defeased Bonds may be derived only from the sources described in (c) above.

*"Available Moneys"* means (a) during such time as a Letter of Credit or an Alternate Credit Facility is in effect, (i) moneys on deposit in trust with the Trustee as agent and bailee for the Owners of the Bonds for a period of at least 123 days prior to and during which no petition in bankruptcy or similar insolvency proceeding has been filed by or against the Company or the Issuer (or any subsidiary of the Company, any guarantor of the Company or any insider (as defined in the United States Bankruptcy Code), to the extent that such moneys were deposited by any of such subsidiary, guarantor or insider) or is pending (unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal) and (ii)(A) proceeds of the issuance of refunding bonds (including proceeds from the investment thereof), and (B) any other moneys, if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Company (which opinion shall be in a form acceptable to the Trustee, to Moody's, if the Bonds are then rated by Moody's, and to S&P, if the Bonds are then rated by S&P and shall be delivered to the Trustee at or prior to the time of the deposit of such proceeds

with the Trustee), the deposit and use of such proceeds (referred to in clause (A) above) or other moneys (referred to in clause (B) above) will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event either the Issuer or the Company were to become a debtor under the United States Bankruptcy Code, and (b) at any time that a Letter of Credit or an Alternate Credit Facility is not in effect, any moneys on deposit with the Trustee as agent and bailee for the Owners of the Bonds and proceeds from the investment thereof.

REMARKETING OF BONDS

The Remarketing Agent will offer for sale and use its best efforts to remarket any Bond subject to purchase pursuant to the optional or mandatory purchase provisions described above, any such remarketing to be made at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Company may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some or all of the Bonds.

Anything in the Indenture to the contrary notwithstanding, at any time during which the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, there will be no sales of Bonds as described in the preceding paragraph, if (a) there has occurred and has not been cured or waived an Event of Default described in paragraphs (a), (b) or (c) under the caption "THE INDENTURE—Defaults" of which the Remarketing Agent and the Trustee have actual knowledge or (b) the Bonds have been declared to be immediately due and payable as described under the caption "THE INDENTURE—Remedies" and such declaration has not been rescinded pursuant to the Indenture.

OPTIONAL REDEMPTION OF BONDS

Bonds may be redeemed at the option of the Company (but only with consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)), in whole, or in part by lot, prior to their maturity date on any Business Day during a Daily Interest Rate Period or Weekly Interest Rate Period, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption.

EXTRAORDINARY OPTIONAL REDEMPTION OF BONDS

At any time, the Bonds are subject to redemption at the option of the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)) in whole or in part (and if in part, by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, upon receipt by the Trustee of a written notice from the Company stating that any of the following events has occurred and that the Company therefore intends to exercise its option to prepay the payments due under the Loan Agreement in whole or in part and thereby effect the redemption of the Bonds in whole or in part to the extent of such prepayments:

(a) the Company has determined that the continued operation of the Plant is impracticable, uneconomical or undesirable for any reason; or

(b) the Company has determined that the continued operation of the Project is impracticable, uneconomical or undesirable due to (i) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as the Project, or other liabilities or burdens with respect to the Project or the operation thereof, (ii) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (iii) destruction of or damage to all or part of the Project; or

(c) all or substantially all of the Project or the Plant has been condemned or taken by eminent domain; or

(d) the operation of the Project or the Plant has been enjoined or has otherwise been prohibited by, or conflicts with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

SPECIAL MANDATORY REDEMPTION OF BONDS

The Bonds are subject to mandatory redemption at 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption upon the occurrence of the following events.

The Bonds will be redeemed in whole within 180 days following a *"Determination of Taxability"* as defined below; *provided* that, if in the opinion of nationally recognized bond counsel (*"Bond Counsel"*) delivered to the Trustee, the redemption of a specified portion of the Bonds outstanding would have the result that interest payable on the Bonds remaining outstanding after such redemption would remain Tax-Exempt, then the Bonds will be redeemed in part by lot (in Authorized Denominations) in such amount as Bond Counsel in such opinion has determined is necessary to accomplish that result. A *"Determination of Taxability"* is deemed to have occurred if, as a result of an Event of Taxability (as defined below), a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Bond is or was includible in the gross income of an owner of the Bonds for federal income tax purposes under the Code (other than an owner who is a *"substantial user"* or *"related person"* within the meaning of Section 103(b)(13) of the 1954 Code). However, no such decree or action will be considered final for this purpose unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any owner of a Bond, and until conclusion of any appellate review, if sought. If the Trustee receives written notice from any owner stating (a) that the owner has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Bond in the gross income of such owner for the reasons described therein or any other proceeding has been instituted against such owner which may lead to a final decree or action as described in the Loan Agreement, and (b) that such owner will afford the Company the opportunity to contest the same, either directly or in

the name of the owner, until a conclusion of any appellate review, if sought, then the Trustee will promptly give notice thereof to the Company, the Insurer, if any, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Issuer and the owner of each Bond then outstanding. If a final decree or action as described above thereafter occurs and the Trustee has received written notice thereof at least 45 days prior to the redemption date, the Trustee will make the required demand for prepayment of the amounts payable under the Loan Agreement for prepayment of the Bonds and give notice of the redemption of the Bonds at the earliest practical date, but not later than the date specified in the Loan Agreement, and in the manner provided by the Indenture. An *"Event of Taxability"* means the failure of the Company to observe any covenant, agreement or representation in the Loan Agreement, which failure results in a Determination of Taxability.

PROCEDURE FOR AND NOTICE OF REDEMPTION

If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected by the Trustee, by lot. In selecting Bonds for redemption, the Trustee will treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of each Bond by the minimum Authorized Denomination. Any Bonds selected for redemption which are deemed to be paid in accordance with the provisions of the Indenture will cease to bear interest on the date fixed for redemption. Subject to the procedures described below under "—Book-Entry System" for Bonds held in book-entry form, upon presentation and surrender of such Bonds at the place or places of payment, such Bonds will be paid and redeemed. Notice of redemption will be given by mail as provided in the Indenture, at least 30 days and not more than 60 days prior to the redemption date, provided that the failure to duly give notice by mailing to any Owner, or any defect therein, does not affect the validity of any proceedings for the redemption of any other of the Bonds. Such notice will also be sent to the Remarketing Agent, the Bank or the Obligor on an Alternate Credit Facility, as the case may be, the Company Mortgage Trustee, Moody's (if the Bonds are then rated by Moody's), S&P (if the Bonds are then rated by S&P), securities depositories and bond information services.

With respect to notice of any optional redemption of the Bonds, as described above, unless upon the giving of such notice, such Bonds are deemed to have been paid within the meaning of the Indenture, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of Available Moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed. If such Available Moneys are not so received, the redemption will not be made and the Trustee will give notice, in the manner in which the notice of redemption was given, that such redemption will not take place.

Notwithstanding the foregoing provisions, Pledged Bonds shall be redeemed prior to any other Bonds.

SPECIAL CONSIDERATIONS RELATING TO THE BONDS

*The Remarketing Agent is Paid by the Company.* The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Indenture and the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agent is appointed by the Company and paid by the Company for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Bonds.

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

*Bonds May Be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.* Pursuant to the Indenture and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own accounts). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

*The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited.* The Remarketing Agent may buy and sell 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 Holders that wish to tender their Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

*The Remarketing Agent May Resign, be Removed or Cease Remarketing the Bonds, Without a Successor Being Named.* Under certain circumstances the 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 Indenture and the Remarketing Agreement.

BOOK-ENTRY SYSTEM

*The following information in this section concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry system has been furnished for use in the Reoffering Circular by DTC. None of the Company, the Issuers or the Remarketing Agent take any responsibility for the accuracy of such information.*

DTC will act as securities depository for the Bonds. The Bonds were issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds of each issue, in the aggregate principal amount thereof, and will be deposited with DTC. One fully-registered Bond was issued for each issue of the Bonds, in the aggregate principal amount of such issue, and was deposited with DTC.

DTC, the world's largest securities 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 whole-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 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct 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 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

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. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the Bonds within an issue 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.

As long as the book-entry system is used for the Bonds, redemption notices will be sent to Cede & Co. If less than all of the Bonds of any issue 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is used for the Bonds, principal or purchase price of and premium, if any, and interest payments on, the 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 fund and corresponding detailed information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Company, the Paying Agent, the Trustee, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants are the responsibility of DTC, and disbursement of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants.

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

None of the Issuer, the Company, the Remarketing Agent, the Trustee nor the Paying Agent will have any responsibility or obligation to any securities depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the securities depository or any Participant; (b) the payment by the securities depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption of, or interest on, any Bonds; (c) the delivery of any notice by

the securities depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the securities depository or any Participant.

## THE LETTER OF CREDIT AND THE CREDIT AGREEMENT

### LETTER OF CREDIT

On the date of reoffering of the Bonds, the Bank will issue in favor of the Trustee a Letter of Credit in the form of a direct pay letter of credit. The Letter of Credit will be issued in the aggregate principal amount of the Bonds plus 48 days' interest at 12% per annum, on the basis of a 365 day year (as from time to time reduced and reinstated as provided in the Letter of Credit). The Letter of Credit will permit the Trustee to draw up to an amount equal to the then outstanding principal amount of the Bonds to pay the unpaid principal thereof and accrued interest on the Bonds, subject to the terms, conditions and limitations stated therein. The Letter of Credit for the Bonds will be substantially in the form attached hereto as APPENDIX E.

The Letter of Credit will expire on June 1, 2011, but will be automatically extended, without written amendment, to, and shall expire on, June 1, 2012, unless on or before May 2, 2012, notice is received by the Trustee stating that the Bank elects not to extend such Letter of Credit beyond June 1, 2012. The date on which the Letter of Credit expires as described in the preceding sentence, or if such date is not a Business Day then the first succeeding Business Day thereafter is defined in the Letter of Credit as the Expiration Date. As used in the Letter of Credit, the term "Business Day" means a day on which the San Francisco Letter of Credit Operations Office of the Bank is open for business.

Each drawing honored by the Bank under the Letter of Credit will immediately reduce the available amount thereunder by the amount of such drawing. Any drawing to pay interest will be automatically reinstated on the eighth (8th) Business Day following the date such drawing is honored by the Bank, unless the Company shall have received notice from the Bank no later than seven (7) Business Days after such drawing is honored that there shall be no such reinstatement. Any drawing to pay the purchase price of a Bond shall be reinstated if the Bonds related to such drawing are remarketed and the remarketing proceeds are paid to the Bank prior to the Expiration Date in an amount equal to the sum of (i) the amount paid to the Bank from such remarketing proceeds and (ii) interest on such amount. See APPENDIX E.

### CREDIT AGREEMENT

*General.* The Company is party to that certain $635,000,000 Credit Agreement, dated October 23, 2007, as hereto amended and supplemented, among the Company, the financial institutions party thereto, the Administrative Agent (as defined below) and The Royal Bank of Scotland plc, as syndication agent (together with all related documents, the *"Credit Agreement"*). In addition, the Company has executed and delivered a Letter of Credit Agreement requesting that the Bank issue a letter of credit for the Bonds and governing the issuance thereof. The Letter of Credit is issued pursuant to the Credit Agreement.

The Credit Agreement defines the relationship between the Company and the financial institutions party thereto, including the Bank; neither the Issuer nor the Trustee has any interest in the Credit Agreement or in any of the funds or accounts created under it. Under the Credit Agreement, the Company has agreed to reimburse the Bank for any drawings under the Letter of Credit, to pay certain fees and expenses, to pay interest on any unreimbursed drawings or other amounts unpaid, and to reimburse the Bank for certain other costs and expenses incurred.

*Defined Terms.* Capitalized terms used in this section and in the Credit Agreement, as applicable, that are not otherwise defined in this Reoffering Circular will have the meanings set forth below.

*"Administrative Agent"* means Union Bank, N.A., in its capacity as administrative agent for the Syndicate Banks and its successors in such capacity.

*"Commitment"* means (i) with respect to any Syndicate Bank listed on the signature pages to the Credit Agreement, the amount set forth opposite its name on the commitment schedule as its Commitment and (ii) with respect to each additional Syndicate Bank or assignee which becomes a Syndicate Bank pursuant to the Credit Agreement, the amount of the Commitment thereby assumed by it, in each case as such amount may from time to time be reduced or increased pursuant to the Credit Agreement.

*"Debt"* of any Person means at any date, without duplication, (i) all obligations of such Person for borrower money, (ii) all obligations of such Person evidenced by bonds (other than surety bonds), debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all Capitalized Lease Obligations (as defined in the Credit Agreement) of such Person, (v) all non-contingent reimbursement, indemnity or similar obligations of such Person in respect of amounts paid under a letter of credit, surety bond or similar instrument, (vi) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vii) all Debts of others Guaranteed (as defined in the Credit Agreement) by such Person.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

*"ERISA Group"* means all members of a controlled group of corporations and all trades or business (whether or not incorporated) under common control which, together with Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

*"Issuing Bank"* means any Syndicate Bank designated by Company that may agree to issue letters of credit pursuant to an instrument in form reasonably satisfactory to the Administrative Agent, each in its capacity as an issuer of a letter of credit under the Credit Agreement.

*"Loans"* means Committed Loans or Competitive Bid Loans (as such terms are defined in the Credit Agreement) or any combination of the foregoing pursuant to the Credit Agreement.

*"Material Debt"* means Debt of the Company arising under a single or series of related instruments or other agreements exceeding $35,000,000 in principal amount.

*"PBGC"* means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

*"Person"* means any individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

*"Reimbursement Obligations"* means, if Commitments remain in effect on the date payment is made by the Issuing Bank, all such amounts paid by an Issuing Bank and remaining unpaid by the Company after the date and time required for payment under the Credit Agreement.

*"Required Banks"* means at any time Syndicate Banks having more than 50% of the total Commitments under the Credit Agreement, or if the Commitments shall have been terminated, holding more than 50% of the sum of the outstanding Loans and letter of credit liabilities.

*"Syndicate Bank"* or *"Syndicate Banks"* means, individually or collectively, each bank or other financial institution listed on the signature pages to the Credit Agreement, each assignee which becomes a Syndicate Bank pursuant to the Credit Agreement, and their respective successors.

*Events of Default and Remedies*. Any one or more of the following events constitute an event of default (an *"Event of Default"*) under the Credit Agreement:

(a) the Company shall fail to pay when due any principal of any Loan or any Reimbursement Obligation or shall fail to pay, within five days of the due date thereof, any interest, commitment fees or facility fees payable hereunder or shall fail to cash collateralize any letter of credit pursuant to the Credit Agreement;

(b) the Company shall fail to pay any other amount claimed by one or more Syndicate Banks under the Credit Agreement within five days of the due date thereof, unless (i) such claim is disputed in good faith by the Company, (ii) such unpaid claimed amount does not exceed $100,000 and (iii) the aggregate of all such unpaid claimed amounts does not exceed $300,000;

(c) the Company shall fail to observe or perform certain specified financial covenants contained in the Credit Agreement;

(d) the Company shall fail to observe or perform any covenant or agreement contained in the Credit Agreement (other than those covered by clause (a), (b) or (c) above) for 15 days after written notice thereof has been given to the Company by the Administrative Agent at the request of any Syndicate Bank;

(e) any representation, warranty, certification or statement made by the Company in the Credit Agreement or in any certificate, financial statement or other document delivered pursuant to the Credit Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(f) the Company shall fail to make any payment in respect of any Material Debt (other than Loans or any Reimbursement Obligation) or Material Hedging Obligations (as defined in the Credit Agreement) when due or within any applicable grace period;

(g) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Company or enables the holder of such Material Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(h) the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property; or shall consent to any such relief or to the appoint of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect;

(j) the Company or any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $25,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate certain material plans identified in the Credit Agreement (each a *"Material Plan"*) shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability in excess of $25,000,000 (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any multiemployer plan (identified in the Credit Agreement) against any member of the ERISA Group to enforce Section 515 or 4219(c)(5) of ERISA in respect of an amount or amounts aggregating in excess of $25,000,000, and such proceeding shall not have been dismissed within 20 days thereafter; or a condition shall

exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which would cause one or more members of the ERISA Group to incur a current payment obligation in excess of $25,000,000;

(k) a judgment or order for the payment of money in excess of $25,000,000 shall be rendered against the Company and such judgment or order shall continue unsatisfied and unstayed for a period of 30 days;

(l) MidAmerican Energy Holdings Company or any wholly-owned subsidiary thereof that owns common stock of the Company (*"MidAmerican"*) shall fail to own (directly or indirectly through one or more Subsidiaries) at least 80% of the outstanding shares of common stock of the Company; any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended), except Berkshire Hathaway Inc. or any wholly-owned subsidiary thereof, shall acquire a beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 35% or more of the outstanding shares of common stock of MidAmerican; or, during any period of 14 consecutive calendar months commencing on or after March 21, 2006, individuals who were directors of the Company on the first day of such period and any new director whose election by the board of directors of the Company or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the applicable period or whose election or nomination for election was previously so approved, shall cease to constitute a majority of the board of directors of the Company.

Upon the occurrence of any Event of Default under the Credit Agreement, the Administrative Agent shall (i) if requested by the Required Banks, by notice to the Company terminate the Commitments and the obligation of each Syndicate Bank to make Loans thereunder and the obligation of each Issuing Bank to issue any letter of credit thereunder and such obligations to make Loans and issue new letters of credit shall thereupon terminate, and (ii) if requested by the Required Banks, by notice to the Company declare the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the Credit Agreement to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; *provided* that in the case of any of the Events of Default specified in clause (h) or (i) above with respect to the Company, without any notice to the Company or any other act by the Administrative Agent or the Syndicate Banks, the Commitments shall thereupon terminate and the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the Credit Agreement shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

The Company agrees, in addition to the Events of Default provisions above, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the Administrative Agent upon the instruction of the Required Banks or any Issuing Bank having an outstanding letter of credit issued under the Credit Agreement, pay to the Administrative Agent an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Administrative Agent) equal to the aggregate amount available for drawing under all letters of credit issued under the Credit Agreement outstanding at such time (or, in the case of a request by an Issuing Bank, all such letters of credit issued by it); provided that, upon the occurrence of any Event of Default specified in clause (h) or (i) above with respect to the Company, and on the scheduled termination date of the Credit Agreement, the Company shall pay such amount forthwith without any notice or demand or any other act by the Administrative Agent, any Issuing Bank or any Syndicate Bank.

## THE LOAN AGREEMENT

### ISSUANCE OF THE BONDS; LOAN OF PROCEEDS

The Issuer issued the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to finance or refinance, as the case may be, a portion of the Company's share of the costs of acquiring and improving the Project. The proceeds of the sale of the Bonds have been used to refund the Prior Bonds.

### LOAN PAYMENTS; THE FIRST MORTGAGE BONDS

As and for repayment of the loan made to the Company by the Issuer, the Company will pay to the Trustee, for the account of the Issuer, an amount equal to the principal of, premium, if any, and interest on the Bonds when due on the dates, in the amounts and in the manner provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds, whether at maturity, upon redemption, acceleration or otherwise (*"Loan Payments"*); *provided, however,* that the obligation of the Company to make any such Loan Payment will be reduced by the amount of any reduction under the Indenture of the amount of the corresponding payment required to be made by the Issuer thereunder; and *provided further* that the obligation of the Company to make any such payment is deemed to be satisfied and discharged to the extent of the corresponding payment made (i) by the Bank to the Trustee under the Letter of Credit, (ii) by the Obligor on an Alternate Credit Facility to the Trustee under such Alternate Credit Facility or (iii) by the Company of principal of or premium, if any, or interest on the First Mortgage Bonds.

The Company's obligation to repay the loan made to it by the Issuer is secured by First Mortgage Bonds delivered to the Trustee equal in principal amount to, and bearing interest at the same rate and maturing on the same date as, the Bonds. The payments to be made by the Company pursuant to the Loan Agreement and the First Mortgage Bonds are pledged under the Indenture by the Issuer to the Trustee, and the Company is to make all payments thereunder and thereon directly to the Trustee. See "THE FIRST MORTGAGE BONDS—General" below.

Pursuant to the Loan Agreement, the Company may provide for the release of its First Mortgage Bonds by delivering to the Trustee collateral in substitution for the First Mortgage Bonds (*"Substitute Collateral"*), but only if the Company, on the date of delivery of such Substitute Collateral, simultaneously delivers to the Trustee (a) an opinion of Bond Counsel stating that delivery of such Substitute Collateral and release of the First Mortgage Bonds complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds; (b) written evidence from the Insurer, if any, and from each Bank to the effect that they have reviewed the proposed Substitute Collateral and find it to be acceptable; and (c) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the Substitute Collateral and that the release of the First Mortgage Bonds and the substitution of the Substitute Collateral for the First Mortgage Bonds will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's rating or ratings of the Bonds.

PAYMENTS OF PURCHASE PRICE

The Company will pay or cause to be paid to the Trustee amounts equal to the amounts to be paid by the Trustee pursuant to the Indenture for the purchase of outstanding Bonds thereunder (see "THE BONDS-Optional Purchase" and "—Mandatory Purchase"), such amounts to be paid to the Trustee as the purchase price for the Bonds tendered for purchase pursuant to the Indenture, on the dates such payments are to be made; *provided, however,* that the obligation of the Company to make any such payment under the Loan Agreement will be reduced by the amount of any moneys held by the Trustee under the Indenture and available for such payment.

From the date of delivery of the Letter of Credit to and including the Interest Payment Date next preceding the Expiration of the Term of the Letter of Credit (or the Expiration of the Term of an Alternate Credit Facility, as the case may be), the Company will provide for the payment of the amounts to be paid by the Trustee for the purchase of Bonds by providing for the delivery of the Letter of Credit (or an Alternate Credit Facility, as the case may be) to the Trustee. The Trustee has been directed to take such actions as may be necessary in accordance with the provisions of the Indenture and the Letter of Credit (or an Alternate Credit Facility, as the case may be), to obtain the moneys necessary to pay the purchase price of Bonds when due.

OBLIGATION ABSOLUTE

The Company's obligation to make payments under the Loan Agreement and otherwise on the First Mortgage Bonds is absolute, irrevocable and unconditional and is not subject to cancellation, termination or abatement, or to any defense other than payment, or to any right of setoff, counterclaim or recoupment arising out of any breach under the Loan Agreement or the Indenture or otherwise by the Company, the Trustee, the Remarketing Agent, any Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), or any other party or out of any obligation or liability at any time owing to the Company by any such party.

EXPENSES

The Company is obligated to pay reasonable compensation and to reimburse certain expenses and advances of the Issuer, the Trustee, the Registrar, the Remarketing Agent, the Paying Agent, Moody's and S&P directly to such entity.

TAX COVENANTS; TAX-EXEMPT STATUS OF BONDS

The Company covenants that the Bond proceeds, the earnings thereon and other moneys on deposit with respect to the Bonds will not be used in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

The Company covenants that it has not taken, and will not take, or permit to be taken on its behalf, any action which would adversely affect the Tax-Exempt status of the Bonds and will take, or require to be taken, such action as may, from time to time, be required under applicable law or regulation to continue to cause the Bonds to be Tax-Exempt. See "TAX EXEMPTION."

OTHER COVENANTS OF THE COMPANY

*Maintenance of Existence; Conditions Under Which Exceptions Permitted.* The Company covenants that it will maintain in good standing its corporate existence as a corporation organized under the laws of one of the states of the United States or the District of Columbia and will remain duly qualified to do business in the State of the Issuer, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; *provided, however,* that the Company may, without violating the foregoing, undertake from time to time any one or more of the following, if, prior to the effective date thereof, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that the contemplated action will not adversely affect the Tax-Exempt status of the Bonds: (a) consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia), or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, *provided* the resulting, surviving or transferee corporation, as the case may be, must be the Company or a corporation qualified to do business in the State of the Issuer as a foreign corporation or incorporated and existing under the laws of the State of the Issuer, which as a result of the transaction has assumed (either by operation of law or in writing) all of the obligations of the Company under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement; or (b) convey all or substantially all of its assets to one or more wholly owned subsidiaries of the Company so long as the Company remains in existence and primarily liable on all of its obligations under the Loan Agreement and such subsidiary or subsidiaries to which such assets are so conveyed guarantees in writing the performance of all of the Company's obligations under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement.

*Assignment.* With the consent of the Bank (or the Obligor on an Alternate Credit Facility), the Company's interest in the Loan Agreement may be assigned in whole or in part by the Company to another entity, subject, however, to the conditions that no assignment will (a)

adversely affect the Tax-Exempt status of the Bonds or (b) relieve (other than as described in *"Maintenance of Existence; Conditions Under Which Exceptions Permitted"* above) the Company from primary liability for its obligations to pay the First Mortgage Bonds or to make the Loan Payments or to make payments to the Trustee with respect to payment of the purchase price of the Bonds or for any other of its obligations under the Loan Agreement; and subject further to the condition that the Company has delivered to the Trustee and the Bank (or the Obligor on an Alternate Credit Facility an opinion of counsel to the Company that such assignment complies with the provisions described in this paragraph and an opinion of Bond Counsel to the effect that the proposed assignment will not impair the validity of the Bonds under the Act, or adversely affect the Tax-Exempt status of the Bonds. The Company must, within 30 days after the delivery thereof, furnish to the Issuer and the Trustee a true and complete copy of the agreements or other documents effectuating any such assignment.

*Maintenance and Repair; Taxes, Etc.* The Company will maintain the Project in good repair, keep the same insured in accordance with standard industry practice and pay all costs thereof. The Company will pay or cause to be paid all taxes, special assessments and governmental, utility and other charges with respect to the Project.

The Company may at its own expense cause the Project to be remodeled or cause such substitutions, modifications and improvements to be made to the Facilities from time to time as the Company, in its discretion, may deem to be desirable for its uses and purposes, which remodeling, substitutions, modifications and improvements are included under the terms of the Loan Agreement as part of the Pollution Control Facilities; *provided, however,* that the Company may not exercise any such right, power, election or option if the proposed remodeling, substitution, modification or improvement would adversely affect the Tax-Exempt status of the Bonds.

The Company will cause insurance to be taken out and continuously maintained in effect with respect to the Pollution Control Facilities in accordance with standard industry practice.

Anything in the Loan Agreement to the contrary notwithstanding, the Company has the right at any time to cause the operation of the Pollution Control Facilities to be terminated if the Company has determined that the continued operation of the Project or the Pollution Control Facilities is uneconomical for any reason.

LETTER OF CREDIT; ALTERNATE CREDIT FACILITY

The Company may, at any time, at its option:

(a) provide for the delivery on any Business Day to the Trustee of an Alternate Credit Facility or a Substitute Letter of Credit, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states (I) the effective date of the Alternate Credit Facility or Substitute Letter of Credit to be so provided, and (II) the Expiration of the Term

of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Expiration shall not be prior to the effective date of the Alternate Credit Facility to be so provided), (B) describes the terms of the Alternate Credit Facility or Substitute Letter of Credit, (C) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (D) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be replaced, to the obligor thereon on the next Business Day after the later of the effective date of the Alternate Credit Facility or the Substitute Letter of Credit to be provided and the Expiration of the Term of the Letter of Credit or Expiration of the Term of the Alternate Credit Facility which is to be replaced and thereupon to deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied);

(ii) on the date of delivery of the Alternate Credit Facility or the Substitute Letter of Credit (which shall be the effective date thereof), the Company shall furnish to the Trustee simultaneously with such delivery of the Alternate Credit Facility or Substitute Letter of Credit (which delivery must occur prior to 9:30 a.m., New York time, on such date, unless a later time on such date shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility or Substitute Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax-Exempt status of the Bonds; and

(iii) in the case of the delivery of a Substitute Letter of Credit, the Company has received the written consent of the Bank or the Obligor on an Alternate Credit Facility; or

(b) provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated, (B) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated (which Business Day shall be not less than 30 days from the date of

receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (C) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be terminated, to the obligor thereon on the next Business Day after the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated and to thereupon deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied); and

(ii) on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, which is to be terminated, the Company shall furnish to the Trustee (prior to 9:30 a.m., New York time, on such Business Day, unless a later time on such Business Day shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the termination of such Alternate Credit Facility or Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax-Exempt status of the Bonds.

EXTENSION OF A LETTER OF CREDIT

The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be, at any time provide for one or more extensions of the Letter of Credit or Alternate Credit Facility then in effect, as the case may be, for any period commencing after its then-current expiration date.

DEFAULTS

Each of the following events constitute an "Event of Default" under the Loan Agreement:

(a) a failure by the Company to make when due any Loan Payment, any payment required to be made to the Trustee for the purchase of Bonds or any payment on the First Mortgage Bonds, which failure has resulted in an "Event of Default" as described herein in paragraph (a), (b) or (c) under "THE INDENTURE—Defaults;"

(b) a failure by the Company to pay when due any amount required to be paid under the Loan Agreement or to observe and perform any other covenant, condition or agreement on the Company's part to be observed or performed under the Loan Agreement (other than a failure described in clause (a) above), which failure continues for a period of 60 days (or such longer period as the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee may agree to in writing) after written notice given to the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) by the Trustee or to the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be and the Trustee by the Issuer;

*provided, however,* that if such failure is other than for the payment of money and cannot be corrected within the applicable period, such failure does not constitute an Event of Default so long as the Company institutes corrective action within the applicable period and such action is being diligently pursued; or

(c) certain events of bankruptcy, dissolution, liquidation or reorganization of the Company.

The Loan Agreement provides that, with respect to any Event of Default described in clause (b) above if, by reason of acts of God, strikes, orders of political bodies, certain natural disasters, civil disturbances and certain other events specified in the Loan Agreement, or any cause or event not reasonably within the control of the Company, the Company is unable in whole or in part to carry out one or more of its agreements or obligations contained in the Loan Agreement (other than certain obligations specified in the Loan Agreement, including its obligations to make when due Loan Payments and otherwise on the First Mortgage Bonds, payments to the Trustee for the purchase of Bonds, to pay certain expenses and taxes, to indemnify the Issuer, the Trustee and others against certain liabilities, to discharge liens and to maintain its existence), the Company will not be deemed in default by reason of not carrying out such agreements or performing such obligations during the continuance of such inability.

REMEDIES

Upon the occurrence and continuance of any Event of Default described in (a) or (c) under "Defaults" above, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds have been declared to be immediately due and payable pursuant to any provision of the Indenture, the Loan Payments will, without further action, become and be immediately due and payable. Any waiver of any Event of Default under the Indenture and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof. See "THE INDENTURE—Defaults." Upon the occurrence and continuance of any Event of Default arising from a "Default" as such term is defined in the Company Mortgage, the Trustee, as holder of the First Mortgage Bonds, will, subject to the provisions of the Indenture, have the rights provided in the Company Mortgage. Any waiver made in accordance with the Indenture of a "Default" under the Company Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof.

Upon the occurrence and continuance of any Event of Default under the Loan Agreement, the Issuer may take any action at law or in equity to collect any payments then due and thereafter to become due, or to seek injunctive relief or specific performance of any obligation, agreement or covenant of the Company under the Loan Agreement and under the First Mortgage Bonds.

Any amounts collected from the Company upon an Event of Default under the Loan Agreement will be applied in accordance with the Indenture.

### AMENDMENTS

The Loan Agreement may be amended subject to the limitations contained in the Loan Agreement and in the Indenture. See "THE INDENTURE—Amendment of the Loan Agreement."

## THE INDENTURE

### PLEDGE AND SECURITY

Pursuant to the Indenture, the Loan Payments have been pledged by the Issuer to secure the payment of the principal of, and premium, if any, and interest on, the Bonds. The Issuer has also pledged and assigned to the Trustee all its rights and interests under the Loan Agreement (other than its rights to indemnification and reimbursement of expenses and certain other rights), including the Issuer's right to delivery of the First Mortgage Bonds, and has pledged to the Trustee all moneys and obligations deposited or to be deposited in the Bond Fund established with the Trustee; *provided* that the Trustee, the Remarketing Agent, the Paying Agent and the Registrar will have a prior claim on the Bond Fund for the payment of their compensation and expenses and for the repayment of any advances (plus interest thereon) made by them to effect performance of certain covenants in the Indenture if the Company has failed to make any payment which results in an Event of Default under the Loan Agreement.

### APPLICATION OF PROCEEDS OF THE BOND FUND

The proceeds from the sale of the Bonds, excluding accrued interest, if any, were deposited with the trustee for the Prior Bonds and used to refund the Prior Bonds. There is created under the Indenture a Bond Fund to be held by the Trustee and therein established a Principal Account and an Interest Account. Payments made by the Company under the Loan Agreement and otherwise on the First Mortgage Bonds in respect of the principal of, premium, if any, and interest on, the Bonds and certain other amounts specified in the Indenture are to be deposited in the appropriate account in the Bond Fund. While any Bonds are outstanding and except as provided in a Tax Exemption Certificate and Agreement among the Trustee, the Issuer and the Company (the *"Tax Certificate"*), moneys in the Bond Fund will be used solely for the payment of the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable at maturity, upon redemption or upon acceleration of maturity, subject to the prior claim of the Trustee, the Remarketing Agent, the Paying Agent and the Registrar to the extent described above in "Pledge and Security."

### INVESTMENT OF FUNDS

Subject to the provisions of the Tax Certificate, moneys in the Bond Fund will, at the direction of the Company, be invested in securities or obligations specified in the Indenture. Gains from such investments will be credited, and any loss will be charged, to the particular fund or account from which the investments were made.

DEFAULTS

Each of the following events will constitute an "Event of Default" under the Indenture:

(a) subject to the Remarketing Agents efforts to remarket Pledged Bonds, a failure to pay the principal of, or premium, if any, on any of the Bonds when the same becomes due and payable at maturity, upon redemption or otherwise;

(b) subject to the Remarketing Agents efforts to remarket Pledged Bonds, a failure to pay an installment of interest on any of the Bonds for a period of one day after such interest has become due and payable;

(c) a failure to pay amounts due in respect of the purchase price of Bonds delivered to the Trustee for purchase after such payment has become due and payable as provided under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase;"

(d) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision contained in the Bonds or the Indenture (other than a failure described in clause (a), (b) or (c) above), which failure continues for a period of 90 days after written notice has been given to the Issuer and the Company by the Trustee, which notice may be given at the discretion of the Trustee and must be given at the written request of the Owners of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended prior to its expiration by the Trustee, or by the Trustee and the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be; *provided, however,* that the Trustee, or the Trustee and the Owners of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Issuer, or the Company on behalf of the Issuer, within such period and is being diligently pursued;

(e) an "Event of Default" under the Loan Agreement;

(f) a "Default" under the Company Mortgage; or

(g) the Trustee's receipt of written notice (which may be given by telefacsimile) from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) of an event of default under and as defined in the Reimbursement Agreement and stating that such notice is given pursuant to the Indenture.

REMEDIES

Upon the occurrence (without waiver or cure) of an Event of Default described in clause (a), (b), (c), (f) or (g) under "Defaults" above or an Event of Default described in clause (e) under "Defaults" above resulting from an "Event of Default" under the Loan Agreement as described under clause (a) or (c) of "THE LOAN AGREEMENT—Defaults" herein, and further upon

the conditions that, if (a) in accordance with the terms of the Company Mortgage, the First Mortgage Bonds have become immediately due and payable pursuant to any provision of the Company Mortgage and (b) there has been filed with the Trustee a written direction of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default has occurred and is continuing), then the Bonds will, without further action, become immediately due and payable and, during the period the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, with accrued interest on the Bonds payable on the Bond Payment Date fixed as described in the Indenture and the Trustee will as promptly as practicable draw moneys under the Letter of Credit or an Alternate Credit Facility, as the case may be, to the extent available thereunder, in an amount sufficient to pay principal of and accrued interest on the Bonds payable on the Bond Payment Date established as described in the Indenture; *provided* that any waiver of any "Default" under the Company Mortgage and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Indenture and rescission and annulment of the consequences thereof.

The provisions described in the preceding paragraph are subject further to the condition that if, so long as no Letter of Credit or Alternate Credit Facility is outstanding, after the principal of the Bonds have been so declared to be due and payable and before any judgment or decree for the payment of the moneys due have been obtained or entered as hereinafter provided, the Issuer will cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and such amount as are sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture (other than nonpayment of the principal of Bonds which has become due by said declaration) has been remedied, then, in every such case, such Event of Default is deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer and the Company and will give notice thereof to Owners of the Bonds by first-class mail; *provided, however,* that no such waiver, rescission and annulment will extend to or affect any other Event of Default or subsequent Event of Default or impair any right, power or remedy consequent thereon.

The provisions described in the second preceding paragraph are, further, subject to the condition that, if an Event of Default described in clause (g) under "Defaults" above has occurred and if the Trustee thereafter has received written notice from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (a) that the notice which caused such Event of Default to occur has been withdrawn and (b) that the amounts available to be drawn on the Letter of Credit (or the Alternate Credit Facility, as the case may be) to pay (i) the principal of the Bonds or the portion of purchase price equal to principal and (ii) interest on the Bonds and the portion of purchase price equal to accrued interest have been reinstated to an amount equal to the principal amount of the Bonds Outstanding plus accrued interest thereon for the applicable Interest Coverage Period at the Interest Coverage Rate, then, in every such case, such Event of Default is deemed waived and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer, the

Company, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Remarketing Agent, and, if notice of the acceleration of the Bonds has been given to the Owners of Bonds, will give notice thereof by Mail to all Owners of Outstanding Bonds; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Upon the occurrence and continuance of any Event of Default under the Indenture, the Trustee may, with the consent of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its policy is in effect and no Insurer Default has occurred and is continuing), and upon the written direction of the Owners of not less than 25% in principal amount of the Bonds outstanding and receipt of indemnity to its satisfaction (except against gross negligence or willful misconduct) must, pursue any available remedy to enforce the rights of the Owners of the Bonds and require the Company, the Issuer, the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) to carry out any agreements, bring suit upon the Bonds or enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds. So long as an Insurer Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Insurer is entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture. So long as a Bank Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Bank is entitled to control and direct the enforcement of all rights and remedies granted to the owners or the Trustee for the benefit of Owners under the Indenture. The Trustee is not required to take any action in respect of an Event of Default (other than, in certain circumstances, to declare the Bonds to be immediately due and payable, to notify the Insurer of payments to be made pursuant to the Insurance Policy, to make certain payments with respect to the Bonds and to draw on the Letter of Credit (or Alternate Credit Facility, as the case may be)) or to enforce the trusts created by the Indenture except upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it.

The Owners of a majority in principal amount of Bonds then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture or exercising any trust or power conferred on the Trustee upon furnishing satisfactory indemnity to the Trustee (except against gross negligence or willful misconduct) and provided that such direction does not result in any personal liability of the Trustee.

No Owner of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power of the Trustee unless such Owner has previously given the Trustee written notice of an Event of Default and unless the Owners of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity (except against gross negligence or willful misconduct) has been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Indenture, the right of any Owner to receive payment of the principal of, premium, if any, and interest on the Owner's Bond on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Owner of Bonds.

DEFEASANCE

All or any portions of Bonds (in Authorized Denominations) will, prior to the maturity or redemption date thereof, be deemed to have been paid for all purposes of the Indenture when:

(a) in the event said Bonds or portions thereof have been selected for redemption, the Trustee has given, or the Company has given to the Trustee in form satisfactory to it irrevocable instructions to give, notice of redemption of such Bonds or portions thereof;

(b) there has been deposited with the Trustee moneys which constitute Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility;

(c) the moneys so deposited with the Trustee are in an amount sufficient (without relying on any investment income) to pay when due the principal of, premium, if any, and interest due and to become due (which amount of interest to become due is calculated at the Maximum Interest Rate unless the interest rate borne by all of such Bonds is not subject to adjustment prior to the maturity or redemption thereof, in which case the amount of interest is calculated at the rate borne by such Bonds) on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; *provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys;

(d) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding 60 days, the Issuer at the direction of the Company has given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to the Indenture, a notice to the Owners of said Bonds or portions thereof and to the Insurer that the deposit required by clause (b) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds or portions thereof;

(e) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of an independent public accountant of nationally recognized standing, selected by the Company (an *"Accountant's Opinion"*), to the effect that the requirements set forth in clause (c) above have been satisfied;

(f) the Issuer, the Company, the Trustee and the Insurer shall have received written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, that such action will not result in a reduction, suspension or withdrawal of the rating; and

(g) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of Bond Counsel to the effect that such deposit will not adversely affect the Tax-Exempt status of the Bonds (*"Bond Counsel's Opinion"*).

Moneys deposited with the Trustee as described above may not be withdrawn or used for any purpose other than, and are held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds or portions thereof, or for the payment of the purchase price of Bonds in accordance with the Indenture; *provided* that such moneys, if not then needed for such purpose, will, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the earlier of (a) the date moneys may be required for the purchase of Bonds or (b) the Interest Payment Date next succeeding the date of investment or reinvestment, and interest earned from such investments are paid over to the Company, as received by the Trustee, free and clear of any trust, lien or pledge.

The provisions of the Indenture relating to (a) the registration and exchange of Bonds, (b) the delivery of Bonds to the Trustee for purchase and the related obligations of the Trustee with respect thereto, (c) the mandatory purchase of the Bonds in connection with the Expiration of the Term of the Letter of Credit or the Expiration of the Term for Alternate Credit Facility, as the case may be, and (d) payment of the Bonds from such moneys, will remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid; *provided, however,* that the provisions with respect to registration and exchange of Bonds will continue to be effective until the maturity or the last date fixed for redemption of all Bonds.

In the event the requirements of the next to the last sentence of the next succeeding paragraph can be satisfied, the preceding three paragraphs will not apply and the following two paragraphs will be applicable.

Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or acceleration or upon redemption as provided in the Indenture) either (i) has been made or caused to be made in accordance with the terms thereof or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys, which are Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, sufficient to make such payment and/or (B) Government Obligations purchased with Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys to make such payment;

*provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys or from Government Obligations purchased with Available Moneys; (b) all necessary and proper fees, compensation and expenses of the Issuer, the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee; and (c) an Accountant's Opinion, to the effect that such moneys and/or Government Obligations will insure, without reinvestment, the availability of sufficient moneys to make such payment, a Bankruptcy Counsel's Opinion to the effect that the payment of the Bonds from the moneys and/or Government Obligations so deposited will not result in a voidable preference under Section 547 of the United States Bankruptcy Code in the event that either the Issuer of the Company were to become a debtor under the United States Bankruptcy Code and a Bond Counsel's Opinion has been delivered to the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P. The provisions of this paragraph apply only if (x) the Bond with respect to which such deposit is made is to mature or be called for redemption prior to the next succeeding date on which such Bond is subject to purchase as described herein under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase" and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds has been previously given in accordance with the Indenture, or in the event said Bonds are not to be redeemed within the next succeeding 60 days, until the Company has given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with the Indenture, that the deposit required by clause (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

REMOVAL OF TRUSTEE

With the prior written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be (which consent, if unreasonably withheld, will not be required), the Trustee may be removed at any time by filing with the Trustee so removed, and with the Issuer, the Company, the Insurer, if any, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), an instrument or instruments in writing executed by (a) the Insurer, if any and if no Insurer Default has occurred and is continuing, or (b) the Owners of not less than a majority in principal amount of the Bonds then outstanding and, if no Insurer Default has occurred and is continuing, the Insurer, if any. The Trustee may also be removed by the Issuer under certain circumstances.

MODIFICATIONS AND AMENDMENTS

The Indenture may be modified or amended by the Issuer and the Trustee by supplemental indentures without the consent of the Owners of the Bonds, but with the consent of the Bank in certain circumstances, for any of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture; (b) to add to the covenants and agreements of the Issuer contained in the Indenture or of the Company, the Insurer, if any, or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the Company which does not materially adversely affect the interests of Owners of the Bonds; (c) to confirm, as further assurance, any pledge of or lien on any property subjected or to be subjected to the lien of the Indenture; (d) to comply with the requirements of the Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however,* that any such modification, alteration, amendment or supplement will not take effect until the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, has consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (f) to implement a conversion of the interest rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under the Indenture of an Alternate Credit Facility or on a Substitute Letter of Credit; (g) to provide for a depository to accept tendered Bonds in lieu of the Trustee; (h) to modify or eliminate the book-entry registration system for any of the Bonds; (i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds; (j) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category (as defined in the Indenture) and also in either of the two highest long-term debt Rating Categories; (k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies; (1) to provide for any Substitute Collateral and the release of any First Mortgage Bonds; (m) to provide for the appointment of a successor Trustee, Registrar or Paying Agent; (n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds; (p) to modify, alter, amend or supplement the Indenture in any other respect, if the effective date of such supplemental indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (q) to provide for the delivery to the Trustee of an Insurance Policy or replacement of any Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of any Insurer then providing an Insurance Policy with respect

to the Bonds provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer and the Trustee enter into any supplemental indenture as described above, there must be delivered to the Trustee, the Company, the Insurer, if any, and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms, and will not impair the validity under the Act, of the Bonds or adversely affect the Tax-Exempt status of the Bonds.

The Trustee will provide written notice of any Supplemental Indenture to the Insurer, if any, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), Moody's, S&P and the Owners of all the Bonds then outstanding at least 30 days prior to the effective date of such Supplemental Indenture. Such notice must state the effective date of such Supplemental Indenture, briefly describe the nature of such Supplemental Indenture and state that a copy thereof is on file at the principal office of the Trustee for inspection by the parties mentioned in the preceding sentence.

Except for supplemental indentures entered into for the purposes described above, the Indenture will not be modified, altered, amended supplemented or rescinded without the consent of the Bank (if its Letter of Credit is in effect and no Bank Default has occurred and is continuing) or the Insurer, if any (unless an Insurer Default has occurred and is continuing), together with not less than 60% in the aggregate principal amount of Bonds outstanding, who have the right to consent to and approve any supplemental indenture; *provided* that, unless approved in writing by the Bank (if its Letter of Credit is in effect and no Bank Default has occurred and is continuing) or Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Owners of all the Bonds then affected thereby, there **will not** be permitted (a) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on any Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price thereof or the rate of interest thereon, (b) the creation of a claim or lien on or a pledge of the Revenues ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (c) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required to approve any such supplemental indenture or which is required to approve any amendment to the Loan Agreement. No such amendment of the Indenture will be effective without the prior written consent of the Company.

AMENDMENT OF THE LOAN AGREEMENT

Without the consent of or notice to the Owners of the Bonds, the Issuer may, with the consent of the Insurer, if any (unless an Insurer Default has occurred and is continuing), modify, alter, amend or supplement the Loan Agreement, and the Trustee may consent thereto, as may be required (a) by the provisions of the Loan Agreement and the Indenture; (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein; (c) in connection with

any other change therein which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however*, that any such modification, alteration, amendment or supplement will not take effect until the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (d) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories; (e) in connection with the delivery and substitution of any Substitute Collateral and the release of any First Mortgage Bonds; (f) to add to the covenants and agreements of the Issuer contained in the Loan Agreement or of the Company or of any Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to facilitate the delivery and administration of an Alternate Credit Facility or a Substitute Letter of Credit, or to surrender any right or power reserved or conferred upon the Issuer or the Company, which does not materially adversely affect the interest of the Owners of the Bonds; (g) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies, (h) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (i) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds; (j) to modify, alter, amend or supplement the Loan Agreement in any other respect, including amendments which would otherwise be described herein, if the effective date of such supplement or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (k) to provide for the delivery to the Trustee of an Insurance Policy or replacement of any Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of any Insurer then providing an Insurance Policy with respect to the Bonds provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, (a) the Trustee will cause notice of such proposed modification, alteration, amendment or supplement to be provided to the Bank, the Insurer, if any, Moody's and S&P, stating that a copy thereof is on file at the office of the Trustee for inspection by the Insurer, if any, Moody's and S&P and (b) there must be delivered to the Bank, the Issuer, the Insurer, if any, and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof,

be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

The Issuer will not enter into and the Trustee will not consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Owners of not less than 60% in the aggregate principal amount of the Bonds at the time outstanding; *provided, however,* that, unless approved in writing by the Owners of all Bonds affected thereby, nothing in the Indenture may permit, or be construed as permitting, a change in the obligations of the Company to make Loan Payments or payments to the Trustee for the purchase of Bonds or the nature of the obligations of the Company on the First Mortgage Bonds. No amendment of the Loan Agreement will become effective without the prior written consent of the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Company and under certain circumstances, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, there must be delivered to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, if any, and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

## THE FIRST MORTGAGE BONDS

*Pursuant to the provisions of the Indenture and Pledge Agreement, dated as of June 1, 2003 between the Company and the Trustee (the "Pledge Agreement"), the First Mortgage Bonds were issued by the Company to secure its obligations under the Loan Agreement. The following summary of certain provisions of the First Mortgage Bonds and the Company Mortgage referred to below does not purport to be complete and is qualified in its entirety by reference thereto and includes capitalized terms defined in such Mortgages.*

### GENERAL

The First Mortgage Bonds are in the same principal amount and mature on the same dates as the Bonds. In addition, the First Mortgage Bonds are subject to redemption prior to maturity upon the same terms as the Bonds, so that upon any redemption of the Bonds, an equal aggregate principal amount of First Mortgage Bonds will be redeemed. The First Mortgage Bonds bear interest at the same rate, and be payable at the same times, as the Bonds. See "THE LOAN AGREEMENT—Loan Payments; The First Mortgage Bonds" above.

The Company Mortgage provides that in the event of the merger or consolidation of another electric utility company with or into the Company or the conveyance or transfer to the

Company by another such company of all or substantially all of such company's property that is of the same character as Property Additions under the Company Mortgage, an existing mortgage constituting a first lien on operating properties of such other company may be designated by the Company as a Class "A" Mortgage. Any bonds thereafter issued pursuant to such additional mortgage would be Class "A" Bonds and could provide the basis for the issuance of Company Mortgage Bonds (as defined below) under the Company Mortgage.

The Company will receive a credit against its obligations to make any payment of principal of or premium, if any, or interest on the First Mortgage Bonds and such obligations will be deemed fully or partially, as the case may be, satisfied and discharged, in an amount equal to the amount, if any, paid by the Company under the Loan Agreement, or otherwise satisfied or discharged, in respect of the principal of or premium, if any, or interest on the Company Mortgage Bonds. The obligations of the Company to make such payments with respect to the First Mortgage Bonds will be deemed to have been reduced by the amount of such credit.

Pursuant to the provisions of the Indenture, the Loan Agreement and the Pledge Agreement, the First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the Owners and will not be transferable except to a successor trustee under the Indenture. At the time any Bonds cease to be outstanding under the Indenture, the Trustee will surrender to the Company Mortgage Trustee an equal aggregate principal amount of First Mortgage Bonds.

SECURITY AND PRIORITY

The First Mortgage Bonds and any other first mortgage bonds now or hereafter outstanding under the Company Mortgage (*"Company Mortgage Bonds"*) are or will be, as the case may be, secured by a first mortgage Lien on certain utility property owned from time to time by the Company and by Class "A" Bonds, if any, held by the Company Mortgage Trustee, if any. All Company Mortgage Bonds, including the First Mortgage Bonds, issued and outstanding under the Company Mortgage are equally and ratably secured.

The Lien of the Company Mortgage is subject to Excepted Encumbrances, including tax and construction liens, purchase money liens and certain other exceptions.

There are excepted from the Lien of the Company Mortgage all cash and securities (except those specifically deposited); equipment, materials or supplies held for sale or other disposition; any fuel and similar consumable materials and supplies; automobiles, other vehicles, aircraft and vessels; timber, minerals, mineral rights and royalties; receivables, contracts, leases and operating agreements; electric energy, gas, water, steam, ice and other products for sale, distribution or other use; natural gas wells; gas transportation lines or other property used in the sale of natural gas to customers or to a natural gas distribution or pipeline company, up to the point of connection with any distribution system; the Company's interest in the Wyodak Facility; and all properties that have been released from the discharged Mortgages and Deeds of Trust, as supplemented, of Pacific Power & Light Company and Utah Power & Light Company and that PacifiCorp, a Maine corporation, or Utah Power & Light Company, a Utah corporation, contracted to dispose of, but title to which had not passed at the date of the Company Mortgage.

The Company has reserved the right, without any consent or other action by holders of Bonds of the Eighth Series or any subsequently created series of Company Mortgage Bonds (including the First Mortgage Bonds), to amend the Company Mortgage in order to except from the Lien of the Company Mortgage allowances allocated to steam-electric generating plants owned by the Company, or in which the Company has interests, pursuant to Title IV of the Clean Air Act Amendments of 1990, as now in effect or as hereafter supplemented or amended.

The Company Mortgage contains provisions subjecting after-acquired property to the Lien thereof. These provisions may be limited, at the option of the Company, in the case of consolidation or merger (whether or not the Company is the surviving corporation), conveyance or transfer of all or substantially all of the utility property of another electric utility company to the Company or sale of substantially all of the Company's assets. In addition, after-acquired property may be subject to a Class "A" Mortgage, purchase money mortgages and other liens or defects in title.

The Company Mortgage provides that the Company Mortgage Trustee shall have a lien upon the mortgaged property, prior to the holders of Company Mortgage Bonds, for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities.

RELEASE AND SUBSTITUTION OF PROPERTY

Property subject to the Lien of the Company Mortgage may be released upon the basis of:

(1) the release of such property from the Lien of a Class "A" Mortgage;

(2) the deposit of cash or, to a limited extent, purchase money mortgages;

(3) Property Additions, after making adjustments for certain prior lien bonds outstanding against Property Additions; and/or

(4) waiver of the right to issue Company Mortgage Bonds.

Cash may be withdrawn upon the bases stated in (1), (3) and (4) above. Property that does not constitute Funded Property may be released without funding other property. Similar provisions are in effect as to cash proceeds of such property. The Company Mortgage contains special provisions with respect to certain prior lien bonds deposited and disposition of moneys received on deposited prior lien bonds.

ISSUANCE OF ADDITIONAL COMPANY MORTGAGE BONDS

The maximum principal amount of Company Mortgage Bonds that may be issued under the Company Mortgage is not limited. Company Mortgage Bonds of any series may be issued from time to time on the basis of:

(1) 70% of qualified Property Additions after adjustments to offset retirements;

(2) Class "A" Bonds (which need not bear interest) delivered to the Company Mortgage Trustee;

(3) retirement of Company Mortgage Bonds or certain prior lien bonds; and/or

(4) deposits of cash.

With certain exceptions in the case of clauses (2) and (3) above, the issuance of Company Mortgage Bonds is subject to Adjusted Net Earnings of the Company for 12 consecutive months out of the preceding 15 months, before income taxes, being at least twice the Annual Interest Requirements on all Company Mortgage Bonds at the time outstanding, including the additional Company Mortgage Bonds that are to be issued, all outstanding Class "A" Bonds held other than by the Company Mortgage Trustee or by the Company, and all other indebtedness secured by a lien prior to the Lien of the Company Mortgage. In general, interest on variable interest bonds, if any, is calculated using the rate then in effect.

Property Additions generally include electric, gas, steam and/or hot water utility property but not fuel, securities, automobiles, other vehicles or aircraft, or property used principally for the production or gathering of natural gas.

The issuance of Company Mortgage Bonds on the basis of Property Additions subject to prior liens is restricted. Company Mortgage Bonds may, however, be issued against the deposit of Class "A" Bonds.

CERTAIN COVENANTS

The Company Mortgage contains a number of covenants by the Company for the benefit of holders of the Company Mortgage Bonds, including provisions requiring the Company to maintain the Company Mortgaged and Pledged Property as an operating system or systems capable of engaging in all or any of the generating, transmission, distribution or other utility businesses described in the Company Mortgage.

DIVIDEND RESTRICTIONS

The Company Mortgage provides that the Company may not declare or pay dividends (other than dividends payable solely in shares of common stock) on any shares of common stock if, after giving effect to such declaration or payment, the Company would not be able to pay its debts as they become due in the usual course of business. Reference is made to the notes to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K incorporated by reference herein for information relating to other restrictions.

FOREIGN CURRENCY DENOMINATED COMPANY MORTGAGE BONDS

The Company Mortgage authorizes the issuance of Company Mortgage Bonds denominated in foreign currencies, *provided, however,* that the Company deposit with the

Company Mortgage Trustee a currency exchange agreement with an entity having, at the time of such deposit, a financial rating at least as high as that of the Company that, in the opinion of an independent expert, gives the Company at least as much protection against currency exchange fluctuation as is usually obtained by similarly situated borrowers. The Company believes that such a currency exchange agreement will provide effective protection against currency exchange fluctuations. However, if the other party to the exchange agreement defaults and the foreign currency is valued higher at the date of maturity than at the date of issuance of the relevant Company Mortgage Bonds, holders of such Company Mortgage Bonds would have a claim on the assets of the Company which is greater than that to which holders of dollar-denominated Company Mortgage Bonds issued at the same time would be entitled.

THE COMPANY MORTGAGE TRUSTEE

Affiliates of The Bank of New York Mellon Trust Company, N.A., may act as lenders and as administrative agents under loan agreements with the Company and affiliates of the Company. The Bank of New York Mellon Trust Company, N.A., serves as trustee under indentures and other agreements involving the Company and its affiliates. The Bank of New York Mellon Trust Company, N.A., is the Company Mortgage Trustee.

MODIFICATION

The rights of holders of the Company Mortgage Bonds may be modified with the consent of holders of 60% of the Company Mortgage Bonds, or, if less than all series of Company Mortgage Bonds are adversely affected, the consent of the holders of 60% of the series of Company Mortgage Bonds adversely affected. In general, no modification of the terms of payment of principal, premium, if any, or interest and no modification affecting the Lien or reducing the percentage required for modification is effective against any holder of the Company Mortgage Bonds without the consent of such holder.

Unless there is a Default under the Company Mortgage, the Company Mortgage Trustee generally is required to vote Class "A" Bonds held by it, if any, with respect to any amendment of the applicable Class "A" Company Mortgage proportionately with the vote of the holders of all Class "A" Bonds then actually voting.

DEFAULTS AND NOTICES THEREOF

Each of the following will constitute a "Default" under the Company Mortgage with respect to the First Mortgage Bonds:

(1) default in payment of principal;

(2) default for 60 days in payment of interest or an installment of any fund required to be applied to the purchase or redemption of any Company Mortgage Bonds;

(3) default in payment of principal or interest with respect to certain prior lien bonds;

(4) certain events in bankruptcy, insolvency or reorganization;

(5) default in other covenants for 90 days after notice;

(6) the existence of any default under a Class "A" Company Mortgage which permits the declaration of the principal of all of the bonds secured by such Class "A" Company Mortgage and the interest accrued thereupon due and payable; or

(7) an "Event of Default" as described in clauses (a), (b) or (c) under the caption "THE INDENTURE—Defaults" above.

An effective default under any Class "A" Mortgage or under the Company Mortgage will result in an effective default under all such mortgages. The Company Mortgage Trustee may withhold notice of default (except in payment of principal, interest or funds for retirement of Company Mortgage Bonds) if it determines that it is not detrimental to the interests of the holders of the Company Mortgage Bonds.

The Company Mortgage Trustee or the holders of 25% of the Company Mortgage Bonds may declare the principal and interest due and payable on Default, but a majority may annul such declaration if such Default has been cured. No holder of Company Mortgage Bonds may enforce the Lien of the Company Mortgage without giving the Company Mortgage Trustee written notice of a Default and unless the holders of 25% of the Company Mortgage Bonds have requested the Company Mortgage Trustee to act and offered it reasonable opportunity to act and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred thereby and the Company Mortgage Trustee shall have failed to act. The holders of a majority of the Company Mortgage Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Company Mortgage Trustee or exercising any trust or power conferred on the Company Mortgage Trustee. The Company Mortgage Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that repayment is not reasonably assured.

The Company must give the Company Mortgage Trustee an annual statement as to whether or not the Company has fulfilled its obligations under the Company Mortgage throughout the preceding calendar year.

VOTING OF THE FIRST MORTGAGE BONDS

So long as no Event of Default under the Indenture has occurred and is continuing, the Trustee, as holder of the First Mortgage Bonds, shall vote or consent proportionately with what officials of or inspectors of votes at any meeting of bondholders under the Company Mortgage, or the Company Mortgage Trustee in the case of consents without such a meeting, reasonably believe will be the vote or consent of the holders of all other outstanding Company Mortgage Bonds; *provided, however*, that the Trustee shall not vote in favor of, or consent to, any

modification of the Company Mortgage which, if it were a modification of the Indenture, would require approval of the Owners of Bonds.

DEFEASANCE

Under the terms of the Company Mortgage, the Company will be discharged from any and all obligations under the Company Mortgage in respect of the Company Mortgage Bonds of any series if the Company deposits with the Company Mortgage Trustee, in trust, moneys or Government Obligations, in an amount sufficient to pay all the principal of, premium (if any) and interest on, the Company Mortgage Bonds of such series or portions thereof, on the redemption date or maturity date thereof, as the case may be. The Company Mortgage Trustee need not accept such deposit unless it is accompanied by an Opinion of Counsel to the effect that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Company Mortgage, there has been a change in applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of such Company Mortgage Bonds or the right of payment of interest thereon (as the case may be) will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, and/or ensuing discharge and will be subject to federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, and/or discharge had not occurred.

Upon such deposit, the obligation of the Company to pay the principal of (and premium, if any) and interest on such series of Company Mortgage Bonds shall cease, terminate and be completely discharged.

In the event of any such defeasance and discharge of Company Mortgage Bonds of such series, holders of Company Mortgage Bonds of such series would be able to look only to such trust fund for payment of principal of (and premium, if any) and interest, if any, on the Company Mortgage Bonds of such series.

## REMARKETING

The Remarketing Agent has agreed with the Company, subject to the terms and provisions of the Remarketing Agreement, to be dated May 28, 2010, between the Company and the Remarketing Agent, that the Remarketing Agent will use its best efforts, as remarketing agent, to solicit purchases from potential investors of the Bonds. The Company shall pay the Remarketing Agent, as compensation for its services as remarketing agent, a fee of $112,500. Pursuant to such Remarketing Agreement, the Company has agreed to indemnify the Remarketing Agent against certain liabilities and expenses, including liabilities arising under federal and state securities laws, and to pay for certain expenses in connection with the reoffering of the Bonds.

In the ordinary course of business, the Remarketing Agent and its affiliates have provided investment banking services or bank financing to the Company, its subsidiaries or affiliates in

the past for which they have received customary compensation and expense reimbursement, and may do so again in the future.

## CERTAIN RELATIONSHIPS

Wells Fargo Bank, National Association is serving as both Remarketing Agent and Letter of Credit Provider for the Bonds.

## TAX EXEMPTION

In connection with the original issuance and delivery of the Bonds, Chapman and Cutler, as Bond Counsel to the Company, rendered an opinion with respect to the Bonds that subject to compliance by the Company and the Issuer with certain covenants referenced in the opinion, under then existing law, interest on the Bonds would not be includible in the gross income of the Owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code) and such interest is not treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Bond Counsel also rendered an opinion that, under then existing statutes and laws of Wyoming, Wyoming imposed no income taxes that would be applicable to interest on the Bonds.

*A copy of the opinion letter provided by Bond Counsel in connection with the original issuance and delivery of the Bonds is set forth in APPENDIX C, but inclusion of such copy of the opinion letter is not to be construed as a reaffirmation of the opinion contained therein. The opinion letter speak only as of its date.*

Chapman and Cutler LLP will also deliver an opinion in connection with execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement relating to the Bonds and the delivery of the Letter of Credit to the effect that (a) such Fourth Supplemental Indenture (i) is authorized or permitted by the Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Bonds, (b) such Second Supplemental Loan Agreement (i) is authorized or permitted by the Original Loan Agreement or Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) will be valid and binding upon the Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Bonds and (c) the delivery of the Letter of Credit complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds. Except (A) the adjustment of the interest rate on the Bonds on the date hereof and the adjustment of the interest rate described in our opinions dated (I) December 17, 1999 and January 19, 2000 and (II) May 2, 2003 and June 3, 2003, (B) the execution and delivery of the First Supplemental Trust Indenture, dated as of

January 1, 2000, (C) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 2, 2003 (D) the execution and delivery of the Third Supplemental Trust Indenture and the Second Supplemental Loan Agreement, each dated as of June 1, 2003, and (E) as necessary to render the foregoing opinion, Chapman and Cutler has not reviewed any factual or legal maters relating to the prior opinion of Bond Counsel or the Bonds subsequent to their date of issuance. The proposed form of such opinion is set forth in APPENDIX D.

## CONTINUING DISCLOSURE

In connection with the remarketing of the Bonds and five other series of pollution control revenue refunding bonds, the proceeds of which were loaned to the Company by the issuers thereof (collectively, the *"Related Bonds"*), on June 2, 2003, the Company executed and delivered the Continuing Disclosure Agreement, a copy of which is attached hereto as APPENDIX F, for the benefit of the holders and beneficial owners of the Related Bonds as was then required by Section (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities and Exchange Act of 19334, as amended (the *"Rule"*). While not obligated to do so while the Bonds bear interest in the Weekly Interest Rate Period, the Company determined not to terminate its obligations with respect to the Bonds under the Continuing Disclosure Agreement. The Continuing Disclosure Agreement has not been amended since its execution and will not be amended in connection with the remarketing of the Bonds.

A failure by the Company to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture and beneficial owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the Company to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See "CONTINUING DISCLOSURE AGREEMENT" attached hereto as APPENDIX F for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies.

*The Company is in compliance with each and every undertaking previously entered into by it pursuant to the Rule.*

## CERTAIN LEGAL MATTERS

Certain legal matters in connection with the remarketing will be passed upon by Chapman and Cutler LLP, as Bond Counsel to the Company. Certain legal matters will be passed upon for the Company by Paul J. Leighton, Esq., as counsel for the Company. Certain legal matters will be passed upon for the Remarketing Agent by King & Spalding LLP. The validity of the Letter of Credit will be passed upon for the Bank by in-house counsel to the Bank.

## MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Reoffering Circular and must be read together with all of the balance of this Reoffering Circular.

The Issuer has not assumed nor will assume any responsibility for the accuracy or completeness of any information contained herein or in the Appendices hereto, all of which was furnished by others.

## APPENDIX A

## PACIFICORP

*The following information concerning PacifiCorp (the "Company") has been provided by representatives of the Company and has not been independently confirmed or verified by the Remarketing Agent, the Issuer or any other party. No representation is made herein as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Company or in such information after the date hereof, or that the information contained or incorporated herein by reference is correct as of any time after the date hereof.*

The Company, which includes PacifiCorp and its subsidiaries, is a United States regulated electric company serving 1.8 million retail customers, including residential, commercial, industrial and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, 75 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of 10,597 megawatts. PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through approximately 16,200 miles of transmission lines. PacifiCorp also buys and sells electricity on the wholesale market with other utilities, energy marketing companies, financial institutions and other market participants as a result of excess electricity generation or other system balancing activities. The Company is subject to comprehensive state and federal regulation. The Company's subsidiaries support its electric utility operations by providing coal mining and environmental remediation services. The Company is an indirect subsidiary of MidAmerican Energy Holdings Company ("MEHC"), a holding company based in Des Moines, Iowa, that owns subsidiaries principally engaged in energy businesses. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. MEHC controls substantially all of the Company voting securities, which include both common and preferred stock.

The Company's operations are exposed to risks, including general economic, political and business conditions, as well as changes in laws and regulations affecting the Company or the related industries; changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce generating facility output, accelerate generating facility retirements or delay generating facility construction or acquisition; the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies; changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage, electricity supply or the Company's ability to obtain long-term contracts with customers; a high degree of variance between actual and forecasted load that could impact the Company's hedging strategy and the costs of balancing generation resources and wholesale activities with its retail load obligations; performance and availability of the Company's generating facilities, including the impacts of outages and repairs, transmission constraints, weather and operating conditions; hydroelectric conditions and the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings, that could have a significant impact on electric capacity and cost and the Company's ability to generate electricity; changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation capacity and energy costs; the financial condition and creditworthiness of the Company's significant customers and suppliers; changes in business strategy or development plans; availability, terms and deployment of capital, including reductions in demand for

investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for the Company's credit facilities; changes in the Company's credit ratings; the impact of derivative contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in the commodity prices, interest rates and other conditions that affect the fair value of derivative contracts; the impact of inflation on costs and our ability to recover such costs in rates; increases in employee healthcare costs; the impact of investment performance and changes in interest rates, legislation, healthcare cost trends, mortality and morbidity on the Company's pension and other postretirement benefits expense and funding requirements; unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions; the impact of new accounting guidance or changes in current accounting estimates and assumptions on consolidated financial results; other risks or unforeseen events, including the effects of storms, floods, litigation, wars, terrorism, embargoes and other catastrophic events; and other business or investment considerations that may be disclosed from time to time in the Company's filings with the United States Securities and Exchange Commission (the "Commission") or in other publicly disseminated written documents. See the Incorporated Documents under "Incorporation of Certain Documents by Reference."

The principal executive offices of the Company are located at 825 N.E. Multnomah, Portland, Oregon 97232; the telephone number is (503) 813-5608. The Company was initially incorporated in 1910 under the laws of the state of Maine under the name Pacific Power & Light Company. In 1984, Pacific Power & Light Company changed its name to PacifiCorp. In 1989, it merged with Utah Power and Light Company, a Utah corporation, in a transaction wherein both corporations merged into a newly formed Oregon corporation. The resulting Oregon corporation was re-named PacifiCorp, which is the operating entity today.

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Commission. Such reports and other information filed by the Company may be inspected and copied at public reference rooms maintained by the Commission in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Company's filings with the Commission are also available to the public at the website maintained by the Commission at http://www.sec.gov.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act are incorporated herein by reference:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

2. Current Report on Form 8-K, dated January 6, 2012.

3. Current Report on Form 8-K, dated March 6, 2012.

4. Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

5. Current Report on Form 8-K, dated April 3, 2012.

6. Current Report on Form 8-K, dated May 25, 2012.

7. All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the Quarterly Report on Form 10-Q for the three months ended March 31, 2012 and before the termination of the reoffering made by this Supplement to Reoffering Circular (the "Supplement") shall be deemed to be incorporated by reference in this Supplement and to be a part hereof from the date of filing such documents (such documents and the documents enumerated above, being hereinafter referred to as the "Incorporated Documents"), provided, however, that the documents enumerated above and the documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act in each year during which the reoffering made by this Supplement is in effect before the filing of the Company's Annual Report on Form 10-K covering such year shall not be Incorporated Documents or be incorporated by reference in this Supplement or be a part hereof from and after such filing of such Annual Report on Form 10-K.

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

The Incorporated Documents are not presented in this Supplement or delivered herewith. The Company hereby undertakes to provide without charge to each person to whom a copy of this Supplement has been delivered, on the written or oral request of any such person, a copy of any or all of the Incorporated Documents, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein. Requests for such copies should be directed to PacifiCorp, 825 N.E. Multnomah, Portland, Oregon 97232, telephone number (503) 813-5608. The information relating to the Company contained in this Supplement does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

## APPENDIX B

## THE BANK

*The information under this heading has been provided solely by Wells Fargo Bank, National Association (the "Bank") and is believed to be reliable. This information has not been verified independently by the Issuer or the Remarketing Agent. The Issuer and the Remarketing Agent make no representation whatsoever as to the accuracy, adequacy or completeness of such information.*

**Wells Fargo Bank, National Association**

The Bank is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Bank is an indirect, wholly owned subsidiary of Wells Fargo & Company, a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California ("Wells Fargo").

Effective at 11:59 p.m. on December 31, 2008, Wells Fargo acquired Wachovia Corporation and its subsidiaries in a stock-for-stock merger transaction. Information about this merger has been included in filings made by Wells Fargo with the Securities and Exchange Commission (the "Commission"). Copies of these filings are available free of charge on the Commission's website at www.sec.gov. or by writing to Wells Fargo's Corporate Secretary at the address given below.

Each quarter, the Bank files with the FDIC financial reports entitled "Consolidated Reports of Condition and Income for Insured Commercial Banks with Domestic and Foreign Offices," commonly referred to as the "Call Reports." The Bank's Call Reports are prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles. The publicly available portions of the Call Reports contain the most recently filed quarterly reports of the Bank, which include the Bank's total consolidated assets, total domestic and foreign deposits, and total equity capital. These Call Reports, as well as the Call Reports filed by the Bank with the FDIC after the date of this Offering Memorandum, may be obtained from the FDIC, Disclosure Group, Room F518, 550 17th Street, N.W., Washington, D.C. 20429 at prescribed rates, or from the FDIC on its Internet site at http://www.fdic.gov, or by writing to the Wells Fargo Corporate Secretary's Office, Wells Fargo Center, Sixth and Marquette, MAC N9305-173, Minneapolis, MN 55479.

**The Letter of Credit will be solely an obligation of the Bank and will not be an obligation of, or otherwise guaranteed by, Wells Fargo, and no assets of Wells Fargo or any affiliate of the Bank or Wells Fargo will be pledged to the payment thereof. Payment of the Letter of Credit will not be insured by the FDIC.**

The information contained in this Appendix B, including financial information, relates to and has been obtained from the Bank, and is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Any financial information provided in this Appendix B is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank since the date hereof.

## APPENDIX C

## APPROVING OPINION OF BOND COUNSEL

Law Offices of

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

CHAPMAN AND CUTLER

50 South Main Street, Salt Lake City, Utah 84144-0402
Telephone (801) 533-0066
Facsimile (801) 533-9595
chapman.com

Chicago

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

January 17, 1991

Re: $45,000,000 Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 of Lincoln County, Wyoming

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Lincoln County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991, in the aggregate principal amount of $45,000,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's $45,000,000 Pollution Control Revenue Bonds, 11-1/8% Series due April 1, 2011 (Utah Power & Light Company Project) (the *"Refunded, Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of air pollution control facilities (the *"Project"*) at the Naughton generating plant (the *"Station"*) in Lincoln County, Wyoming, for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys provided by the Company, have been deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on January 1, 2016, bear interest from time to time computed as set forth in each of the Bonds and are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture, only as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of January 1, 1991 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the Proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the Principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of January 1, 1991 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of Floating Interest Rates (as defined in the Indenture) to be borne by the Bonds, which Floating Interest Rates may be a Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or Flexible Rates (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different Floating Interest Rate or to a Term Interest Rate under certain conditions. The Indenture provides that the Bonds bear interest at Flexible Rates until conversion to a different Floating Interest Rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the Company's obligation to make payments to the Issuer under the Loan Agreement, the Company has caused to be delivered to the Trustee an irrevocable Letter of Credit (the *"Letter of Credit"*) of Union Bank of Switzerland, Los Angeles Branch (the *"Bank"*), under which the Trustee is permitted under certain conditions to draw up to (a) an amount equal to the principal of the outstanding Bonds (i) to pay the principal of the Bonds when due upon redemption or acceleration or (ii) to enable the Trustee to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 294 days' accrued interest on the outstanding Bonds (i) to pay interest on the Bonds or (ii) to enable the Trustee to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds.

Delivery of the Letter of Credit, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Letter of Credit is January 31, 1994, subject to the provisions of the Letter of Credit.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement, except to the extent paid from moneys drawn by the Trustee under the Letter of Credit.

Subject to the condition that the Company and the Issuer comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and the interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations (because the Refunded Bonds were issued prior to August 8, 1986). Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and Company covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon a certificate of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes which would be applicable to interest on the Bonds.

We are not passing upon the Letter of Credit or action taken by the Bank in connection therewith. Opinions of counsel to the Bank of even date herewith have been delivered with respect to the validity of the Letter of Credit.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due execution by the

Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Dennis L. Sanderson, counsel to the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

The opinions described above are in form satisfactory to us, both in scope and content.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER

## APPENDIX D

## PROPOSED FORM OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Lincoln County, Wyoming
925 Sage, Suite 302
Kemmerer, Wyoming 83101

Wells Fargo Bank, National Association
301 South College Street, 7th Floor
Charlotte, North Carolina 28202

Re: $45,000,000
Lincoln County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1991 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Indenture"*), between Lincoln County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*), (b) Section 4.03(a) of that certain Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Loan Agreement"*), between the Issuer and PacifiCorp (the *"Company"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated May __, 2010, between the Company and Wells Fargo Bank, National Association, as remarketing agent. Prior to the date hereof, payment of principal and purchase price of and interest on the Bonds was secured only by certain first mortgage bonds of the Company. In connection with the adjustment to a weekly interest rate period on the date hereof, the Company desires to deliver a Letter of Credit (the *"Letter of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*), for the benefit of the Trustee. In order to provide for the delivery of the Letter of Credit and to make certain other permitted changes in connection therewith to the Original Indenture and the Original Loan Agreement, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the Fourth

Supplemental Trust Indenture, dated as of June 1, 2010 (the *"Fourth Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the Second Supplemental Loan Agreement, dated as of June 1, 2010 (the *"Second Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Original Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the Fourth Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The Fourth Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the Second Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The Fourth Supplemental Indenture and the Second Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The delivery of the Letter of Credit complies with the terms of the Original Loan Agreement.

6. The (a) execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement and (b) the delivery of the Letter of Credit will not adversely affect the Tax-Exempt status of the Bonds.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate (as defined in the Original Indenture) and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection (a) the adjustment of the interest rate on the Bonds on the date hereof and the adjustment of the interest rate described in our opinions dated (i) December 17, 1999 and January 19, 2000 and (ii) May 2, 2003 and June 3, 2003, (b) the execution and delivery of the First Supplemental Trust Indenture, dated as of January 1, 2000, (c) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 2, 2003 (d) the execution and delivery of the Third Supplemental Trust Indenture and the Second Supplemental Loan Agreement, each dated as of June 1, 2003, and (e) the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement and the delivery of the Letter of Credit described herein. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

**APPENDIX E**

**FORM OF LETTER OF CREDIT**

# IRREVOCABLE LETTER OF CREDIT

June 1, 2010
Letter of Credit No. NZS660885

The Bank of New York Mellon Trust Company, N.A.
2 North LaSalle Street, Suite 1020
Chicago, IL 60602

Attention: Global Corporate Trust

Ladies and Gentlemen:

We hereby establish in your favor, as Trustee for the benefit of the owners of the Bonds (as defined below) under the Indenture described below, at the request and for the account of PacifiCorp, an Oregon corporation, our irrevocable letter of credit in the amount of U.S. $45,710,137 (Forty-Five Million Seven Hundred Ten Thousand One Hundred Thirty Seven Dollars) in connection with the Bonds available with ourselves by sight payment against presentation of one or more signed and dated demands addressed by you to Wells Fargo Bank, National Association, Letter of Credit Operations Office, San Francisco, California, each in the form of Annex A (an "A Drawing"), Annex B (a "B Drawing"), Annex C (a "C Drawing"), or Annex D (a "D Drawing") hereto, with all instructions in brackets therein being complied with. Each such demand must be presented to us (1) in its signed and dated original form at the Presentation Office (as hereinafter defined), or (2) by facsimile transmission of such signed and dated original form to our facsimile number specified after our signature on this Letter of Credit.

Each such presentation must be made at or before 5:00 p.m. San Francisco time on a Business Day (as hereinafter defined) to our Letter of Credit Operations Office in San Francisco, California, presently located at One Front Street, 21st Floor, San Francisco, California 94111, (the "Presentation Office").

This Letter of Credit expires at our Letter of Credit Operations Office in San Francisco, California on June 1, 2011, but shall be automatically extended, without written amendment, to, and shall expire on, June 1, 2012 unless on or before May 2, 2011 you have received written notice from us sent by express courier or registered mail to your address above, or by facsimile transmission to your Fax number (312) 827-8542, that we elect not to extend this Letter of Credit beyond the June 1, 2011. (The date on which this Letter of Credit expires pursuant to the preceding sentence, or if such date is not a Business Day then the first (1st) succeeding Business Day thereafter, will be hereinafter referred to as the "Expiration Date".) To be effective, the notice from us described in the first sentence of this paragraph must be received by you on or before May 2, 2011.

As used herein the term "Business Day" shall mean a day on which our San Francisco Letter of Credit Operations Office is open for business.

The amount of any demand presented hereunder will be the amount inserted in numbered Paragraph 4 of said demand. By honoring any such demand we make no representation as to the correctness of the amount demanded.

We hereby agree with you that each demand presented hereunder in full compliance with the terms hereof will be duly honored by our payment to you of the amount of such demand, in immediately available funds of Wells Fargo Bank, National Association:

(i) not later than 10:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before noon, San Francisco time, or

(ii) not later than 10:00 a.m., San Francisco time, on the second Business Day following the Business Day on which such demand is presented to us as aforesaid, if such presentation is made to us after noon, San Francisco time.

Notwithstanding the foregoing, any demand presented hereunder, in full compliance with the terms hereof, for a C Drawing will be duly honored (i) not later than 11:30 a.m., San Francisco time, on the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before 9:00 a.m., San Francisco time, and (ii) not later than 11:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us after 9:00 a.m., San Francisco time.

If the remittance instructions included with any demand presented under this Letter of Credit require that payment is to be made by transfer to an account with us or with another bank, we and/or such other bank may rely solely on the account number specified in such instructions even if the account is in the name of a person or entity different from the intended payee.

With respect to any demand that is honored hereunder, the total amount of this Letter of Credit shall be reduced as follows:

(A) With respect to each A Drawing paid by us, the total amount of this Letter of Credit shall be reduced by the amount of such A Drawing with respect to all demands presented to us after the time we receive such A Drawing; provided, however, that the amount of such A Drawing shall be automatically reinstated on the eighth (8th) Business Day following the date such A Drawing is honored by us, unless (i) you shall have received notice from us sent to you at your above address by express courier or registered mail, or by facsimile transmission to your Fax number (312) 827-8542, no later than seven (7) Business Days after such A Drawing is honored by us that there shall be no such reinstatement, or (ii) such eighth (8th) Business Day falls after the Expiration Date;

(B) With respect to each B Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such B Drawing by the sum of (1) the amount inserted as principal in paragraph 5(A) of the B Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the B Drawing and (b) interest on the amount

inserted as principal in paragraph 5(A) of the B Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent), and no part of such sum shall be reinstated;

With respect to each C Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such C Drawing by the sum of (1) the amount inserted as principal in paragraph 5(A) of the C Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the C Drawing and (b) interest on the amount inserted as principal in paragraph 5(A) of the C Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent); provided, however, that if the Bonds related to such C Drawing are remarketed and the remarketing proceeds are paid to us prior to the Expiration Date, then on the day we receive such remarketing proceeds the amount of this Letter of Credit shall be reinstated by an amount which equals the sum of (i) the amount paid to us from such remarketing proceeds and (ii) interest on such amount calculated for the same number of days, at the same interest rate, and on the basis of a year of the same number of days as is specified in (2)(b) of this paragraph (C) (with any fraction of a cent being rounded upward to the nearest whole cent), with such reinstatement and its amount being promptly advised to you; provided, however, that in no event will the total amount of all C Drawing reinstatements exceed the total amount of all Letter of Credit reductions made pursuant to this paragraph (C)Upon presentation to us of a D Drawing in compliance with the terms of this Letter of Credit, no further demand whatsoever may be presented hereunder.

No more than one A Drawing which we honor shall be presented to us during any consecutive twenty-seven (27) calendar day period. No A Drawing which we honor shall be for an amount more than U.S. $710,137.

It is a condition of this Letter of Credit that the amount available for drawing under this Letter of Credit shall be decreased automatically without amendment upon our receipt of each reduction authorization in the form of Annex E to this Letter of Credit (with all instructions therein in brackets being complied with) sent to us (1) in its signed and dated original form at the Presentation Office, or (2) by facsimile transmission of such signed and dated original form to our facsimile number specified after our signature on this Letter of Credit, or (3) by authenticated SWIFT transmission of the completed wording of such Annex E to our SWIFT address specified after our signature on this Letter of Credit.

This Letter of Credit is subject to, and engages us in accordance with the terms of, the Uniform Customs and Practice for Documentary Credits (2007 Revision), Publication No. 600 of the International Chamber of Commerce (the "UCP"); provided, however, that if any provision of the UCP contradicts a provision of this Letter of Credit such provision of the UCP will not be applicable to this Letter of Credit, and provided further that Article 32, the second sentence of Article 36, and subsection (e) of Article 38 of the UCP shall not apply to this Letter of Credit. Furthermore, as provided in the first sentence of Article 36 of the UCP, we assume no liability or responsibility for consequences arising out of the interruption of our business by Acts of God, riots, civil commotions, insurrections, wars, acts of terrorism, or by any strikes or lockouts, or any other causes beyond our control. Matters related to this Letter of Credit which are not

covered by the UCP will be governed by the laws of the State of California, including, without limitation, the Uniform Commercial Code as in effect in the State of California, except to the extent such laws are inconsistent with the provisions of the UCP or this Letter of Credit.

This Letter of Credit is transferable and may be transferred more than once, but in each case only in the amount of the full unutilized balance hereof to any single transferee who you shall have advised us pursuant to Annex F has succeeded The Bank of New York Mellon Trust Company, N.A. or a successor trustee as Trustee under the Trust Indenture Amended and Restated as of June 1, 2010, as amended or supplemented from time to time (the "Indenture") between Lincoln County, Wyoming (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $45,000,000 in aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 (the "Bonds") were issued. Transfers may be effected without charge to the transferor and only through ourselves and only upon presentation to us at the Presentation Office of a duly executed instrument of transfer in the form attached hereto as Annex F. Any transfer of this Letter of Credit as aforesaid must be endorsed by us on the reverse hereof and may not change the place of presentation of demands from our Letter of Credit Operations Office in San Francisco, California.

All payments hereunder shall be made from our own funds.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds and the Indenture), except the UCP to the extent the UCP is not inconsistent with or made inapplicable by this Letter of Credit; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except the UCP.

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: _____
Authorized Signature

Letter of Credit Operations Office
Telephone No.: 1-800-798-2815
Facsimile No.: (415) 296-8905

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT, ON AN INTEREST PAYMENT DATE (AS DEFINED IN THE INDENTURE), OF UNPAID INTEREST ON THE BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS **$[INSERT AMOUNT]**.

(5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(6) IF THIS DEMAND IS RECEIVED AT THE PRESENTATION OFFICE BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF

THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND THE UNPAID INTEREST ON, REDEEMED BONDS UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE BONDS CURRENTLY OUTSTANDING.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT HEREBY DEMANDED IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF THE REDEEMED BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE REDEEMED BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH

CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10.00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

[INSERT SIGNATURE AND DATE]

Annex C to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. NZS660885

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND INTEREST DUE ON, THOSE BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF PRINCIPAL OF THE BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF INTEREST DUE ON THE BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE

AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE 9:00 A.M., SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., SAN FRANCISCO TIME, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER 9:00 A.M., SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., SAN FRANCISCO TIME, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE TOTAL UNPAID PRINCIPAL OF, AND UNPAID INTEREST ON, ALL OF THE BONDS WHICH ARE CURRENTLY OUTSTANDING UPON (A) THE STATED MATURITY OF ALL SUCH BONDS, (B) THE ACCELERATION OF ALL SUCH BONDS FOLLOWING AN EVENT OF DEFAULT UNDER THE INDENTURE (C) [THE MANDATORY TENDER OF ALL SUCH BONDS,] OR (D) THE REDEMPTION OF ALL SUCH BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS SET FORTH IN PARAGRAPH 5, BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID PRINCIPAL OF THE OUTSTANDING BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE OUTSTANDING BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION.
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER**

**LETTER OF CREDIT REDUCTION AUTHORIZATION**

**[INSERT NAME OF BENEFICIARY],** WITH REFERENCE TO LETTER OF CREDIT NO. NZS660885 ISSUED BY WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK"), HEREBY UNCONDITIONALLY AND IRREVOCABLY REQUESTS THAT THE BANK DECREASE THE AMOUNT AVAILABLE FOR DRAWING UNDER THE LETTER OF CREDIT BY **$[INSERT AMOUNT]**.

**[FOR SIGNED REDUCTION AUTHORIZATIONS ONLY]**

**[INSERT NAME OF BENEFICIARY]**

By: **[INSERT SIGNATURE]**
TITLE: **[INSERT TITLE]**

DATE: **[INSERT DATE]**

**SIGNATURE GUARANTEED BY**

**[INSERT NAME OF BANK]**

**By:** _____
**[INSERT NAME AND TITLE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
One Front Street, 21st Floor,
San Francisco, California, 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER**

**[INSERT DATE]**

Subject: Your Letter of Credit No. NZS660885

Ladies and Gentlemen:

For value received, we hereby irrevocably assign and transfer all of our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended, increased or reduced to:

_____
**[Name of Transferee]**

_____
_____
_____
**[Address of Transferee]**

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us.

The original Letter of Credit is returned with all amendments to this date. Please notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions to this Letter of Credit, including amendments as transferred.

You are hereby advised that the transferee named above has succeeded The Bank of New York Mellon Trust Company, N.A., or a successor trustee as Trustee under the Trust Indenture Amended and Restated as of June 1, 2010, as amended or supplemented from time to time (the "Indenture") between Lincoln County, Wyoming (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $45,000,000 in aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 (the "Bonds") were issued.

Very truly yours,

**[Insert Name of Transferor]**

By: _____
**[Insert Name and Title]**

**TRANSFEROR'S SIGNATURE GUARANTEED**

By: _____
**[Bank Name]**

By: _____
**[Insert Name and Title]**

By its signature below, the undersigned transferee acknowledges that it has duly succeeded _____ or a successor trustee as Trustee under the Indenture.

**[Insert Name of Transferee]**

By: _____
**[Insert Name and Title]**

# APPENDIX F

# CONTINUING DISCLOSURE AGREEMENT

# CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is executed and delivered by PacifiCorp (the "Company") in consideration of the reoffering of the six issues of Bonds identified by Schedule I hereto in conjunction with the remarketing thereof by J.P. Morgan Securities Inc., Citigroup Global Markets Inc., Lehman Brothers Inc. and Bank One Capital Markets, Inc., as Remarketing Agents.

**Section 1.** The Company does hereby covenant and agree and enter into a written undertaking for the benefit of the holders and beneficial owners of the Bonds as required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule"). Capitalized terms used in this Agreement and not otherwise defined in the respective Indenture of Trust and Trust Indentures (collectively, the "Indenture") identified by such Schedule I between the respective Issuers identified by such Schedule I and the respective Trustees identified by such Schedule I (collectively, the "Trustee") shall have the meanings assigned such terms in Section 4 hereof. This Agreement shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

**Section 2.** The Company undertakes to provide the following information in accordance with this Agreement as required by the Rule:

(a) Annual Financial Information;

(b) Audited Financial Statements, if any; and

(c) Material Event Notices.

**Section 3.**

(a) The Company, while any Bonds are Outstanding, shall provide the Annual Financial Information on or before the date which is 180 days after the end of each fiscal year of the Company (the "Report Date") to each then existing NRMSIR and the SID, if any. The Company shall include with each submission of Annual Financial Information a written representation to the effect that the Annual Financial Information is the Annual Financial Information specified by this Agreement, that such Annual Financial Information complies with the applicable requirements of the Rule and that it has been provided to each then existing NRMSIR and the SID, if any. If the Company changes its fiscal year, it shall provide written notice of the change of fiscal year to each then existing NRMSIR or the Municipal Securities Rulemaking Board (the "MSRB") and the SID, if any. It shall be sufficient if the Company provides to each then existing NRMSIR and the SID, if any, any or all of the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(b) If not provided as part of the Annual Financial Information, the Company shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to each then existing NRMSIR and the SID, if any.

(c) If a Material Event occurs while any Bonds are Outstanding, the Company shall provide a Material Event Notice in a timely manner to each then existing NRMSIR or the MSRB and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(d) The Company shall provide in a timely manner to each then existing NRMSIR or the MSRB and to the SID, if any, notice of any failure by the Company while any Bonds are Outstanding to provide to the NRMSIRs and the SID, if any, Annual Financial Information on or before the Report Date.

**Section 4.** The following are the definitions of the capitalized terms used in this Agreement not otherwise defined in this Agreement or the Indenture:

(a) "*Annual Financial Information*" means the financial information or operating data with respect to the Company, provided at least annually, of the type incorporated by reference under APPENDIX A—"PACIFICORP—AVAILABLE INFORMATION" of the Reoffering Circular dated May 28, 2003 with respect to the Bonds. The consolidated financial statements included in the Annual Financial Information shall be prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by the Financial Accounting Standards Board ("FASB"). Such consolidated financial statements may, but are not required to be, Audited Financial Statements.

(b) "*Audited Financial Statements*" means the Company's annual consolidated financial statements, prepared in accordance with GAAP as prescribed by FASB, which consolidated financial statements shall have been audited by an independent auditor or firm of independent auditors as shall be then retained by the Company.

(c) "*Material Event*" means any of the following events, if material, with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment-related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;*

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;*

---

* Not applicable to the Bonds.

(v) substitution of credit or liquidity providers, or their failure to perform;*

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modifications to rights of Bondholders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(d) "*Material Event Notice*" means written or electronic notice of a Material Event.

(e) "*NRMSIR*" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission by no-action letter for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Telephone: (609) 279-3225
Facsimile: (609) 279-5962
E-mail: Munis@Bloomberg.com
http://www.bloomberg.com/markets/muni_contactinfo.html

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Telephone: (201) 346-0701
Facsimile: (201) 947-0107
E-mail: nrmsir@dpcdata.com
http://www.dpcdata.com

* Not applicable to the Bonds.

FT Interactive Data
100 William Street
New York, NY 10038
Attention: NRMSIR
Telephone: (212) 771-6999
Facsimile: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com
http://www.interactivedata.com

Standard & Poor's J.J. Kenny Repository
45th Floor
55 Water Street
New York, NY 10041
Telephone: (212) 438-4595
Facsimile: (212) 438-3975
E-mail: nrmsir_repository@sandp.com
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html

See http://www.sec.gov/consumer/nrmsir.htm for updated NRMSIR information.

(f) "*Outstanding*" means "Outstanding" as defined in Article I of the Indenture, but including Bonds otherwise excluded by clause (b) of such definition.

(g) "*SID*" means a state information depository as operated or designated by the State of Montana or the State of Wyoming and recognized by the Securities and Exchange Commission by no-action letter as such for the purposes referred to in the Rule. As of the date of this Agreement, there is not a SID in the State of Montana or the State of Wyoming.

**Section 5.** Unless otherwise required by law and subject to technical and economic feasibility, the Company shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Company's information.

**Section 6.**

(a) The continuing obligation hereunder of the Company to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once the Bonds no longer are Outstanding. This Agreement, or any provision hereof, shall be null and void in the event that the Company obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Agreement, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds, provided that the Company shall have provided notice of such delivery and the cancellation of this Agreement to each then existing NRMSIR or the MSRB and the SID, if any.

(b) This Agreement may be amended, without the consent of the Bondholders, but only upon the Company obtaining and providing an opinion of nationally recognized

bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Agreement and by the Company with the Rule, provided that the Company shall have provided notice of such delivery and of the amendment to each then existing NRMSIR or the MSRB and the SID, if any. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Company or type of business conducted;

(ii) This Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of Bondholders, as determined either by parties unaffiliated with the Company (such as nationally recognized bond counsel) or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

(c) The Company shall not transfer its obligations under this Agreement unless the transferee agrees to assume all obligations of the Company hereunder or to execute a continuing disclosure undertaking under the Rule.

**Section 7.** Any failure by the Company to perform in accordance with this Agreement shall not constitute an Event of Default with respect to the Bonds. If the Company fails to comply herewith, any Bondholder or beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company to comply with its obligations hereunder.

Dated: June 2, 2003.

PACIFICORP

By Bruce N Williams

Name Bruce N. Williams

Title Treasurer

# SCHEDULE I
# TO CONTINUING DISCLOSURE AGREEMENT

| Bond Issues | Issuers (each, an "Issuer") | Indentures | Trustees (each, a "Trustee") |
|---|---|---|---|
| $15,000,000<br>Sweetwater County, Wyoming<br>Pollution Control Revenue Bonds<br>(PacifiCorp Project)<br>Series 1984 | Sweetwater County, Wyoming | Indenture of Trust between Issuer and Trustee dated as of December 1, 1987, as supplemented by the First Supplemental Indenture of Trust between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Indenture of Trust between Issuer and Trustee dated as of June 1, 2003 | Bank One Trust Company, NA (as successor to The Bank of New York, as successor to Irving Trust Company) |
| $8,500,000<br>City of Forsyth, Rosebud County, Montana<br>Flexible Rate Demand Pollution Control Revenue Bonds<br>(PacifiCorp Colstrip Project)<br>Series 1986 | City of Forsyth, Rosebud County, Montana | Trust Indenture between Issuer and Trustee dated as of December 1, 1986, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003 | Bank One Trust Company, NA (formerly known as The First National Bank of Chicago) |
| $17,000,000<br>Converse County, Wyoming<br>Customized Purchase Pollution Control Revenue Refunding Bonds<br>(PacifiCorp Project)<br>Series 1988 | Converse County, Wyoming | Trust Indenture between Issuer and Trustee dated as of January 1, 1988, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003 | Bank One Trust Company, NA (formerly known as The First National Bank of Chicago) |

| | | | |
|---|---|---|---|
| $45,000,000<br>Lincoln County, Wyoming<br>Pollution Control Revenue Refunding Bonds<br>(PacifiCorp Project)<br>Series 1991 | Lincoln County, Wyoming | Trust Indenture between Issuer and Trustee dated as of January 1, 1991, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of January 1, 2000, the Second Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Third Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003 | Bank One Trust Company, NA (formerly known as The First National Bank of Chicago) |
| $5,300,000<br>Converse County, Wyoming<br>Environmental Improvement Revenue Bonds<br>(PacifiCorp Project)<br>Series 1995 | Converse County, Wyoming | Trust Indenture between Issuer and Trustee dated as of November 1, 1995, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003 | Bank One Trust Company, NA (formerly known as The First National Bank of Chicago) |
| $22,000,000<br>Lincoln County, Wyoming<br>Environmental Improvement Revenue Bonds<br>(PacifiCorp Project)<br>Series 1995 | Lincoln County, Wyoming | Trust Indenture between Issuer and Trustee dated as of November 1, 1995, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003 | Bank One Trust Company, NA (formerly known as The First National Bank of Chicago) |

**SUPPLEMENT DATED JUNE 22, 2012 TO REOFFERING CIRCULAR DATED NOVEMBER 11, 2008**

**$21,260,000**
**Sweetwater County, Wyoming**
**Pollution Control Revenue Refunding Bonds**
**(PacifiCorp Project)**
**Series 1994**
**(CUSIP 870487 CF0*)**

This Supplement amends and supplements the accompanying Reoffering Circular dated November 11, 2008 (the "Reoffering Circular") but only insofar as it relates to the above-captioned bond issue (the "Bonds"). All terms used in this Supplement shall, unless otherwise defined in this Supplement, have the same meanings assigned to them in the Reoffering Circular.

Effective June 22, 2012, the Letter of Credit will be extended in accordance with its terms to and will expire on June 21, 2013. The Letter of Credit will not be amended or otherwise changed except to effect such extension. In conjunction with the extension of the Letter of Credit, the Company will transfer its obligations under the Letter of Credit and related Letter of Credit Agreement from the 2007 Credit Agreement described under "THE LETTERS OF CREDIT AND THE CREDIT AGREEMENTS—CREDIT AGREEMENTS" in the Reoffering Circular to the substantially identical $800,000,000 Amended and Restated Credit Agreement dated July 6, 2006 (as amended by the First Amendment dated April 15, 2009 and the Second Amendment dated as of January 6, 2012, the "2006 Credit Agreement") among the Company, the financial institutions party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and The Royal Bank of Scotland, plc, as Syndication Agent. The Letter of Credit Agreement will be amended effective June 22, 2012 to reflect the transfer of the Company's obligation thereunder to the 2006 Credit Agreement. Solely with respect to the Bonds, from and after June 22, 2012, the term "Credit Agreement" in the Reoffering Circular shall mean and refer to the 2006 Credit Agreement, and the term "Letter of Credit Agreement" shall mean and refer to such agreement, as so amended.

Descriptions of PacifiCorp and of Wells Fargo Bank, National Association are attached as Appendices A and B, respectively, to the Reoffering Circular in lieu of the original Appendices A and B.

The Company has approved this Supplement for distribution by the Remarketing Agent to current Bondholders and potential purchasers of the Bonds. THE ISSUER MAKES NO REPRESENTATION WITH RESPECT TO AND HAS NOT PARTICIPATED IN THE PREPARATION OF ANY PORTION OF THIS SUPPLEMENT.

The Remarketing Agent has provided the following sentence for inclusion in this Supplement. The Remarketing Agent has reviewed the information in this Supplement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

**Morgan Stanley**
Remarketing Agent

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* Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Issuer, the Company or the Remarketing Agent takes any responsibility for the accuracy of such numbers.

**NOT NEW ISSUES**
Book-Entry Only

The opinions of Chapman and Cutler, Bond Counsel, delivered on November 17, 1994, state that, subject to compliance by the Company and the Issuers with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under then existing law (a) interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) interest on the Bonds is not treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. However, such interest is taken into account in computing the corporate alternative minimum tax. Such opinions of Bond Counsel were also to the effect that under then existing law (a) interest on the Emery Bonds and Carbon Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act, (b) the State of Wyoming imposes no income taxes that would be applicable to interest on the Converse Bonds, the Lincoln Bonds or the Sweetwater Bonds and (c) interest on the Moffat Bonds is not included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended. Such opinions have not been updated as of the date hereof. See "TAX EXEMPTION" herein for a more complete discussion.

**COMPOSITE REOFFERING**
**$216,470,000**
**POLLUTION CONTROL REVENUE REFUNDING BONDS**
**(PACIFICORP PROJECTS)**
**SERIES 1994**

**Dated: Original Date of Delivery** **Due: See Inside Cover**

The Bonds of each issue described in this Reoffering Circular are limited obligations of the respective Issuers and, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, are payable solely from and secured by a pledge of payments to be made under separate Loan Agreements entered into by the respective Issuers with, and secured by First Mortgage Bonds issued by,

## PacifiCorp

On November 19, 2008, the Bonds of each issue will be remarketed and will bear interest at a Weekly Interest Rate payable the first Business Day of each month commencing December 1, 2008. The initial Weekly Interest Rate and each subsequent Weekly Interest Rate to be borne by the each issue of the Bonds will be determined by the applicable Remarketing Agent. Thereafter, the interest rate on the Bonds may be changed from time to time to Daily, Weekly, Flexible or Term Interest Rates, designated and determined as described herein. The Bonds are subject to purchase at the option of the owners thereof and, under certain circumstances, are subject to mandatory purchase in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

Following the remarketing of the Bonds on November 19, 2008, the payment of the principal of and interest on each issue of the Bonds and the payment of the purchase price of each issue of the Bonds tendered for purchase and not remarketed will be supported by a separate irrevocable Letter of Credit issued by Wells Fargo Bank, National Association, to The Bank of New York Mellon Trust Company, N.A., as Trustee, for the benefit of the registered holders of the related Bonds.

## Wells Fargo Bank, National Association

Each Letter of Credit will expire by its terms on November 19, 2009, unless it expires earlier in accordance with its terms. Each Letter of Credit will be automatically extended to November 19, 2010, unless the Trustee receives notice of the Bank's election not to extend on or before October 20, 2009. Each Letter of Credit may be replaced by an Alternate Credit Facility as permitted under the separate Indentures and Loan Agreements. Unless a Letter of Credit is extended before its scheduled expiration date, the related Bonds will be subject to mandatory tender for purchase prior to such expiration date. THIS REOFFERING CIRCULAR ONLY PERTAINS TO THE BONDS WHILE THEY ARE SECURED BY THE LETTERS OF CREDIT PROVIDED BY THE BANK.

The Bonds are issuable as fully registered Bonds without coupons and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. DTC initially will act as securities depository for the Bonds. Only beneficial interests in book-entry form are being offered. The Bonds are issuable during any Weekly Interest Rate Period in denominations of $100,000 and any integral multiple thereof (provided that one Bond need not be in a multiple of $100,000 but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations). So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the principal of and premium, if any, and interest on the Bonds will be paid by the Trustee directly to DTC, which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry System."

**Price 100%**

The Bonds of each issue are reoffered by the Remarketing Agents referred to below, subject to withdrawal or modification of the offer without notice and certain other conditions. At the time of the original issuance and delivery of each issue of the Bonds, Chapman and Cutler, Bond Counsel to the Company, delivered its opinion as to the legality of such issue of Bonds. Such opinions spoke only as to their respective dates of delivery and will not be reissued in connection with this reoffering. Certain legal matters in connection with the reoffering will be passed upon by Chapman and Cutler LLP, Bond Counsel to the Company. Certain legal matters in connection with the remarketing will be passed upon for PacifiCorp by Paul J. Leighton, Esq., counsel to the Company. Certain legal matters will be passed upon for the Remarketing Agents by King & Spalding LLP. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, on or about November 19, 2008.

**Banc of America Securities LLC** **Morgan Stanley**

**Wells Fargo Brokerage Services, LLC**

November 11, 2008

# COMPOSITE REOFFERING
# POLLUTION CONTROL REVENUE REFUNDING BONDS
# (PACIFICORP PROJECTS)
# SERIES 1994

**$9,365,000**
**Carbon County, Utah**
**Series 1994**
**Due: November 1, 2024**

**$8,190,000**
**Converse County, Wyoming**
**Series 1994**
**Due: November 1, 2024**

**$121,940,000**
**Emery County, Utah**
**Series 1994**
**Due: November 1, 2024**

**$15,060,000**
**Lincoln County, Wyoming**
**Series 1994**
**Due: November 1, 2024**

**$40,655,000**
**Moffat County, Colorado**
**Series 1994**
**Due: May 1, 2013**

**$21,260,000**
**Sweetwater County, Wyoming**
**Series 1994**
**Due: November 1, 2024**

This reoffering is for six issues with separate Issuers and Remarketing Agents in respect of each issue as follows:

| ISSUER | AMOUNT | REMARKETING AGENT | CUSIP |
|---|---|---|---|
| Carbon County | $ 9,365,000 | Morgan Stanley & Co. Incorporated | 140890 AD6 |
| Converse County | 8,190,000 | Banc of America Securities LLC | 212491 AM6 |
| Emery County | 121,940,000 | Wells Fargo Brokerage Services, LLC | 291147 CE4 |
| Lincoln County | 15,060,000 | Banc of America Securities LLC | 533485 AZ1 |
| Moffat County | 40,655,000 | Morgan Stanley & Co. Incorporated | 607874 CM4 |
| Sweetwater County | 21,260,000 | Morgan Stanley & Co. Incorporated | 870487 CF0 |

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Reoffering Circular in connection with the offering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by Carbon County, Utah, Converse County, Wyoming, Emery County, Utah, Lincoln County, Wyoming, Moffat County, Colorado or Sweetwater County, Wyoming (sometimes referred to individually as an *"Issuer"* and collectively as the *"Issuers"*), PacifiCorp, or the Remarketing Agents. Neither the delivery of this Reoffering Circular nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or the Company any since the date hereof. This Reoffering Circular does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offering or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuers has assumed or will assume any responsibility as to the accuracy or completeness of the information in this Reoffering Circular, other than that relating to itself under the caption "THE ISSUERS." Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Reoffering Circular or, other than the Issuers, approved the Bonds for sale.

In connection with this offering, the Remarketing Agents may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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# COMPOSITE REOFFERING
# POLLUTION CONTROL REVENUE REFUNDING BONDS
# (PACIFICORP PROJECTS)
# SERIES 1994

| | | |
|---|---|---|
| **$9,365,000**<br>**Carbon County, Utah**<br>**Series 1994**<br>**Due: November 1, 2024** | **$8,190,000**<br>**Converse County, Wyoming**<br>**Series 1994**<br>**Due: November 1, 2024** | **$121,940,000**<br>**Emery County, Utah**<br>**Series 1994**<br>**Due: November 1, 2024** |
| **$15,060,000**<br>**Lincoln County, Wyoming**<br>**Series 1994**<br>**Due: November 1, 2024** | **$40,655,000**<br>**Moffat County, Colorado**<br>**Series 1994**<br>**Due: May 1, 2013** | **$21,260,000**<br>**Sweetwater County, Wyoming**<br>**Series 1994**<br>**Due: November 1, 2024** |

## INTRODUCTORY STATEMENT

This Reoffering Circular, including the Appendices hereto and the documents incorporated by reference herein, is provided to furnish certain information with respect to the reoffering by the Issuers of six separate issues of Pollution Control Revenue Refunding Bonds (PacifiCorp Projects) Series 1994 (collectively, the *"Bonds"*), as follows:

(a) $9,365,000 principal amount of Carbon County, Utah Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Carbon Bonds"*);

(b) $8,190,000 principal amount of Converse County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Converse Bonds"*);

(c) $121,940,000 principal amount of Emery County, Utah Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Emery Bonds"*);

(d) $15,060,000 principal amount of Lincoln County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Lincoln Bonds"*);

(e) $40,655,000 principal amount of Moffat County, Colorado Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Moffat Bonds"*); and

(f) $21,260,000 principal amount of Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Sweetwater Bonds"*).

The Carbon Bonds, the Converse Bonds, the Emery Bonds, the Lincoln Bonds, the Moffat Bonds and the Sweetwater Bonds have been issued under separate Trust Indentures dated as of November 1, 1994 (each a *"Trust Indenture"* and collectively, the *"Trust Indentures"*) between Carbon County, Utah (*"Carbon County"*), Converse County, Wyoming (*"Converse County"*), Emery County, Utah (*"Emery County"*), Lincoln County, Wyoming (*"Lincoln County"*), Moffat County, Colorado (*"Moffat County"*), and Sweetwater County, Wyoming (*"Sweetwater County"*), as applicable (each an *"Issuer"* and collectively, the *"Issuers"*), and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*), each as amended and restated by a separate First Supplemental Trust Indenture, dated as of October 1, 2008, (each a *"First Supplemental Indenture"* and collectively, the *"First Supplemental Indentures"*), between each of the respective Issuers and the Trustee, and under resolutions of the governing bodies of the respective Issuers. The Trust Indentures, as amended and restated by the First Supplemental Indentures, are sometimes referred to herein as the *"Indentures."* Pursuant to separate Loan Agreements between PacifiCorp (the *"Company"*) and each of the respective Issuers (each an *"Original Loan Agreement"* and collectively the *"Original Loan Agreements"*), each as amended and restated by a First Supplemental Loan Agreement, dated as of October 1, 2008, between the Company and each of the respective Issuers (each a *"First Supplemental Loan Agreement"* and collectively the *"First Supplemental Loan Agreements"*), the respective Issuers have lent the proceeds from the original sale of the Bonds to the Company. The Original Loan Agreements, as amended and restated by the First Supplemental Loan Agreements, are sometimes referred to herein as the *"Loan Agreements."*

The proceeds of the Bonds were used, together with certain other moneys of the Company, to refund all of the outstanding (a) $9,365,000 principal amount of Carbon County, Utah, Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 due February 1, 2004 (the *"Prior Carbon Bonds"*); (b) $8,190,000 principal amount of Converse County, Wyoming Collateralized Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1977 (the *"Prior Converse Bonds"*); (c) $13,190,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 due February 1, 2004 (the *"Prior Emery 1974 Bonds"*); (d) $50,000,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds, 6-3/8% Series due November 1, 2006 (Utah Power & Light Company Project) (the *"Prior Emery 6-3/8% Bonds"*); (e) $42,000,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds, 5.90% Series due April 1, 2008 (Utah Power & Light Company Project) (the *"Prior Emery 5.90% Bonds"*); (f) $16,750,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds (Utah Power & Light Company Project), 10.70% Series due September 1, 2014 (the *"Prior Emery 10.70% Bonds"*); (g) $15,060, 000 principal amount of Lincoln County, Wyoming, Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 (the *"Prior Lincoln Bonds"*); (h) $40,655,000 principal amount of Moffat County, Colorado, Pollution Control Revenue Bonds, Series 1978 (Colorado-Ute Electric Association, Inc. Project) (the *"Prior Moffat Bonds"*); and (i) $21,260,000 principal amount of Sweetwater County, Wyoming, Taxable Pollution Control Revenue Refunding Bonds

(PacifiCorp Project) Series 1994T (the *"Prior Sweetwater 1994T Bonds"*). These obligations have been assumed by the Company as the surviving corporation in its 1989 merger with Utah Power & Light Company, a Utah corporation, and PacifiCorp, a Maine corporation or, in the case of the Prior Moffat Bonds, under that certain Assignment and Assumption Agreement, dated April 15, 1992, between Colorado-Ute Electric Association, Inc. (*"Colorado-Ute"*) and the Company.

The Prior Emery 1974 Bonds, the Prior Emery 6-3/8% Bonds, the Prior Emery 5.90% Bonds and the Prior Emery 10.70% Bonds are hereinafter collectively referred to as the *"Prior Emery Bonds."* The Prior Carbon Bonds, the Prior Converse Bonds, the Prior Emery Bonds, the Prior Lincoln Bonds, the Prior Moffat Bonds and the Prior Sweetwater 1994T Bonds are hereinafter collectively referred to as the *"Prior Bonds."* The Prior Bonds were issued to finance various qualifying solid waste disposal facilities and air and water pollution control facilities as described herein. See "THE FACILITIES."

In order to secure the Company's obligation to repay the loans made to it by the Issuers under the Loan Agreements, the Company has issued and delivered to the Trustee for each issue its Series 1994-1 First Mortgage and Collateral Trust Bonds (the *"First Mortgage Bonds"*) in a principal amount equal to the principal amount of such issue of the Bonds. The First Mortgage Bonds may be released upon delivery of collateral in substitution for the First Mortgage Bonds provided that certain conditions are met as described below under "THE LOAN AGREEMENTS—Loan Payments; The First Mortgage Bonds." The First Mortgage Bonds were issued under the Mortgage and Deed of Trust, dated as of January 9, 1989 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Company Mortgage Trustee"*), as supplemented and amended by various supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (the *"Tenth Supplemental Indenture"*), all collectively hereinafter referred to as the *"Company Mortgage."* As holder of the First Mortgage Bonds, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Company Mortgage, enjoy the benefit of a lien on properties of the Company. See "THE FIRST MORTGAGE BONDS—Security" for a description of the properties of the Company subject to the lien of the Company Mortgage. The Bonds will not otherwise be secured by a mortgage of, or security interest in, the Facilities (as hereinafter defined). The First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the *"Owners"* of the applicable series of the Bonds and will not be transferable except to a successor trustee under the Indentures. *"Owner"* means the registered owner of any Bond; *provided, however,* when used in the context of the Tax-Exempt (as hereinafter defined) status of the Bonds, the term *"Owner"* includes each actual purchaser of any Bond (*"Beneficial Owner"*).

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations and not general obligations of the Issuer thereof. None of the Indentures, the Bonds or the Loan Agreements constitutes a debt or gives rise to a general obligation or liability of any of the Issuers or constitutes an indebtedness under any constitutional or statutory debt limitation. The Bonds of each issue will not constitute or give rise to a pecuniary liability of the Issuer thereof and will not constitute any charge against such Issuer's general credit or taxing powers; nor will the Bonds of an Issuer constitute an indebtedness of or a loan of credit of such Issuer. The Bonds are payable solely from the receipts and revenues to be received from the Company

as payments under the related Loan Agreements, or otherwise on the First Mortgage Bonds, and from any other moneys pledged therefor. Such receipts and revenues and all of the Issuers' rights and interests under the Loan Agreements (except as noted under "THE INDENTURES—Pledge and Security" below) are pledged and assigned to the Trustee as security, equally and ratably, for the payment of the related series of the Bonds. The payments required to be made by the Company under the Loan Agreements, or otherwise on the First Mortgage Bonds, will be sufficient, together with other funds available for such purpose, to pay the principal of and premium, if any, and interest on the related series of the Bonds. Under no circumstances will any Issuer have any obligation, responsibility or liability with respect to the Facilities, the Loan Agreements, the Indentures, the Bonds or this Reoffering Circular, except for the special limited obligation set forth in the Indentures and the Loan Agreements whereby each series of the Bonds are payable solely from amounts derived from the Company and the applicable Letter of Credit (or Alternate Credit Facility (as hereinafter defined), as the case may be). Nothing contained in the Indentures, the Bonds or the Loan Agreements, or in any other related documents may be construed to require any Issuer to operate, maintain or have any responsibility with respect to any of the Facilities (as hereinafter defined). The Issuers have no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse may be had against any past, present or future commissioner, officer, employee, official or agent of any Issuer under the Indentures, the Bonds, the Loan Agreements or any related document. The Issuers have no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds.

The Bonds of each issue contain substantially the same terms and provisions as, but will be entirely separate from, the Bonds of each other issue. The Bonds of one issue will not be payable from or entitled to any revenues delivered to the Trustee in respect of the Bonds of any other issue. Redemption of the Bonds of one issue may be made in the manner described below without redemption of the Bonds of any other issue, and a default in respect of the Bonds of one issue will not, in and of itself, constitute a default in respect of the Bonds of the other issues; however, the same occurrence may constitute a default with respect to the Bonds of more than one issue.

Each issue of the Bonds will be supported by a separate irrevocable Letter of Credit (each a *"Letter of Credit"* and, collectively, the *"Letters of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*) in favor of the Trustee, as beneficiary. The Letters of Credit have substantially identical terms.

Under each of the Letters of Credit, the Trustee will be entitled to draw, upon a properly presented and conforming drawing, up to an amount sufficient to pay one hundred percent (100%) of the principal amount of the applicable Bonds on the date of the draw (whether at maturity, upon acceleration, mandatory or optional purchase or redemption, plus 48 days' accrued interest on the applicable Bonds, at a rate of up to the maximum interest rate of twelve percent (12%) per annum calculated on the basis of a year of 365 days for the actual days elapsed, so long as the Bonds bear interest at the Weekly Interest Rate or the Daily Interest Rate. The Company has agreed to reimburse the Bank for drawings made under the Letter of Credit and to make certain other payments to the Bank. The Letters of Credit will expire on

November 19, 2009, unless extended or earlier terminated in accordance with their terms. See "THE LETTERS OF CREDIT."

Banc of America Securities LLC has been appointed by the Company as Remarketing Agent with respect to the Converse Bonds and the Lincoln Bonds. Morgan Stanley & Co. Incorporated has been appointed by the Company as Remarketing Agent with respect to the Carbon Bonds, the Moffat Bonds and the Sweetwater Bonds. Wells Fargo Brokerage Services, LLC has been appointed by the Company as Remarketing Agent with respect to the Emery Bonds. Banc of America Securities LLC, Morgan Stanley & Co. Incorporated and Wells Fargo Brokerage Services, LLC, are referred to herein as the *"Remarketing Agents."* The Company will enter into a separate Remarketing Agreement with the Remarketing Agent with respect to the Bonds to be remarketed by such Remarketing Agent.

Under certain circumstances described in the applicable Loan Agreement, a Letter of Credit may be replaced by an alternate credit facility supporting payment of the principal of and interest on the applicable Bonds when due and for the payment of the purchase price of tendered or deemed tendered Bonds (each an *"Alternate Credit Facility"*). The entity or entities, as the case may be, obligated to make payment on an Alternate Credit Facility are referred to herein as the *"Obligor on an Alternate Credit Facility."* In addition, a Letter of Credit may be replaced by a substitute letter of credit (a *"Substitute Letter of Credit"*). The replacement of a Letter of Credit or an Alternate Credit Facility, including with a Substitute Letter of Credit, will result in the mandatory purchase of Bonds. See "THE LOAN AGREEMENTS—The Letter of Credit; Alternate Credit Facility" and "—Substitute Letter of Credit."

Concurrently with the issuance of the Bonds, AMBAC Indemnity Corporation (*"Ambac"*) issued a municipal bond insurance policy with respect to the Bonds of each issue (each, an *"Ambac Insurance Policy"* and, collectively, the *"Ambac Insurance Policies"*). In connection with the delivery of the Letters of Credit, Ambac, the Company, the Trustee, each of the Issuers and the Company, acting as owner of Bonds, will enter into separate Release Agreements, pursuant to which Ambac will be released from all liabilities under each Ambac Insurance Policy, will surrender any and all rights under the Trust Indentures and payment of principal of and interest on the Bonds when due will no longer be guaranteed by Ambac under the Ambac Insurance Policies. Purchasers of the Bonds will be deemed to have consented to the provisions of the Release Agreements. See "TERMINATION OF BOND INSURANCE."

Brief descriptions of the Issuers, the Facilities and the Bank and summaries of certain provisions of the Bonds, the Loan Agreements, the Letters of Credit, the Indentures and the First Mortgage Bonds are included in this Reoffering Circular, including the Appendices hereto. Information regarding the business, properties and financial condition of the Company is included in and incorporated by reference in Appendix A hereto. A brief description of the Bank is included as Appendix B hereto. Appendices C-1 through C-6 set forth the approving opinions of Chapman and Cutler, Bond Counsel, delivered on the date of original issuance of each issue of the Bonds.

The descriptions herein of the Loan Agreements, the Indentures, the Company Mortgage and the Letters of Credit are qualified in their entirety by reference to such documents, and the

descriptions herein of the Bonds and the First Mortgage Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights generally. Copies of such documents, except the Company Mortgage, may be obtained from the principal corporate trust office of the Trustee in Chicago, Illinois. The Company Mortgage is available for inspection at the office of the Company and at the principal office of the Company Mortgage Trustee in New York, New York.

**This Reoffering Circular provides certain information with respect to the Bank, the terms of, and security for the Bonds and other related matters. While certain information relating to the Company is included and incorporated within, the Bonds are being remarketed on the basis of their Letters of Credit and the financing strength of the Bank and are not being remarketed on the basis of the financial strength of the Issuers, the Company or any other security. This Reoffering Circular does not describe the financial condition of the Company and no representation is made concerning the financial status or prospects of the Company or the value or financial viability of the Project.**

## THE ISSUERS

### CARBON COUNTY

Carbon County is a political subdivision, duly organized and existing under the Constitution and laws of the State of Utah (*"Utah"*). Pursuant to the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended (the *"Utah Act"*), Carbon County was and is authorized to issue the Carbon Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Carbon Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

### CONVERSE COUNTY

Converse County is a political subdivision, duly organized and existing under the Constitution and laws of the State of Wyoming (*"Wyoming"*). Pursuant to the Sections 15-1-701 to 15-1-710, inclusive, of the Wyoming Statutes (1977), as amended (the *"Wyoming Act"*), Converse County was and is authorized to issue the Converse Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Converse Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

### EMERY COUNTY

Emery County is a political subdivision, duly organized and existing under the Constitution and laws of Utah. Pursuant to the Utah Act, Emery County was and is authorized to issue the Emery Bonds, to enter into the Indenture and the Loan Agreement to which it is a party

and to secure the Emery Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreements and the First Mortgage Bonds.

LINCOLN COUNTY

Lincoln County is a political subdivision, duly organized and existing under the Constitution and laws of Wyoming. Pursuant to the Wyoming Act, Lincoln County was and is authorized to issue the Lincoln Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Lincoln Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

MOFFAT COUNTY

Moffat County is a public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Colorado (*"Colorado"*). Pursuant to the County and Municipality Development Revenue Bond Act, Title 29, Article 3, Colorado Revised Statutes 1973, as amended (the *"Colorado Act"*), Moffat County was and is authorized to issue the Moffat Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Moffat Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

SWEETWATER COUNTY

Sweetwater County is a political subdivision, duly organized and existing under the Constitution and laws of Wyoming. Pursuant to the Wyoming Act, Sweetwater County was and is authorized to issue the Sweetwater Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Sweetwater Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

## THE FACILITIES

The Prior Carbon Bonds were issued by Carbon County to finance qualifying solid waste disposal facilities or air or water pollution control facilities (the *"Carbon Facilities"*) for the Carbon coal-fired electric generating plant (the *"Carbon Plant"*) located in Carbon County.

The Prior Converse Bonds were issued to finance qualifying air and water pollution control facilities (the *"Dave Johnston Facilities"*) for the Dave Johnston coal-fired electric generating plant (the *"Dave Johnston Plant"*) located near the town of Glenrock, Wyoming.

The Prior Emery 1974 Bonds were issued by Emery County to finance qualifying solid waste disposal facilities or air or water pollution control facilities (the *"Huntington Facilities"*) for the Huntington coal-fired electric generating plant (the *"Huntington Plant"*) located in Emery County.

The Prior Emery 6-3/8% Bonds were issued to finance qualifying solid waste disposal facilities or air or water pollution control facilities (the *"Emery 1 Facilities"*) for the second unit of the Huntington Plant and the Emery generating plant, which is now known as the Hunter coal-fired steam electric generating plant (the *"Hunter Plant"*), each of which is located in Emery County.

The Prior Emery 5.90% Bonds were issued to finance qualifying water and air pollution control facilities (the *"Emery 2 Facilities"*) for the second unit of the Huntington Plant and the Hunter Plant in Emery County.

The Prior Emery 10.70% Bonds were issued to refund the Emery County, Utah $16,750,000 Pollution Control Revenue Bonds (Utah Power & Light Company Project), dated May 11, 1984 (the *"Emery May 1984 Bonds"*), that were issued to finance qualifying air or water pollution control facilities (the *"Hunter Facilities"*) for Unit 3 of the Hunter Plant located in Emery County.

The Prior Lincoln Bonds were issued to finance qualifying solid waste disposal facilities or air pollution control facilities (the *"Naughton Facilities"*) for the Naughton coal-fired electric generating plant (the *"Naughton Plant"*) located in Lincoln County.

The Prior Moffat Bonds were issued to finance Colorado-Ute's undivided 29% interest in air and water pollution control facilities (the *"Craig Facilities"*) in connection with electric generating units 1 and 2 of the Craig Station (the *"Craig Station"*) located in Moffat County. The Prior Moffat Bonds had been in default prior to the time the Company assumed an obligation to make payments with respect to the Prior Moffat Bonds in connection with the Company's acquisition of its interest in the Craig Facilities.

The Prior Sweetwater 1994T Bonds were issued to temporarily refund the $21,260,000 principal amount of Sweetwater County, Wyoming, Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1973 (the *"Sweetwater 1973 Bonds"*), which were issued to finance the Company's undivided 66-2/3% interest in the qualifying air and water pollution control facilities (the *"Jim Bridger Facilities"*) for the Jim Bridger coal-fired steam electric generating plant (the *"Jim Bridger Plant"*) located in Sweetwater County.

The Carbon Plant, the Dave Johnston Plant, the Huntington Plant, the Hunter Plant, the Naughton Plant, the Craig Station and the Jim Bridger Plant are hereinafter referred to collectively as the *"Plants"* and the Carbon Facilities, the Huntington Facilities, the Dave Johnston Facilities, the Emery 1 Facilities, the Emery 2 Facilities, the Hunter Facilities, the Naughton Facilities, the Craig Facilities and the Jim Bridger Facilities are hereinafter referred to collectively as the *"Facilities."* The interest of the Company in each of the Facilities is hereinafter referred to as the *"Project."*

## USE OF PROCEEDS

The proceeds from the initial sale of the Bonds, together with funds of the Company, were applied to the redemption of the principal amount of the Prior Bonds outstanding immediately prior to redemption on January 15, 1995.

## THE BONDS

*The six issues of Bonds are each an entirely separate issue but contain substantially the same terms and provisions. The following is a summary of certain provisions common to the Bonds of the six issues. A default in respect of one issue will not, in and of itself, constitute a default in respect of any other issue; however, the same occurrence may constitute a default with respect to more than one issue. No issue of the Bonds is entitled to the benefits of any payments or other security pledged for the benefit of the other issues. Optional or mandatory redemption of one issue of the Bonds may be made in the manner described below without redemption of the other issues. Reference is hereby made to the forms of the Bonds in their entirety for the detailed provisions thereof. References to the Issuer, the Trustee, the Bank, the Paying Agent, the Registrar, the Remarketing Agent, the Bonds, the Prior Bonds, the Plant, the Facilities, the Project, the Indenture, the Loan Agreement, the Letter of Credit and other documents and parties are deemed to refer to the Issuer, the Trustee, the Bank, the Paying Agent, the Registrar, the Remarketing Agent, the Bonds, the Prior Bonds, the Plant, the Facilities, the Project, the Indenture, the Loan Agreement, the Letter of Credit and such other documents and parties, respectively, relating to each issue of the Bonds. Initially capitalized terms used herein and not otherwise defined are used as defined in the Indenture.*

### GENERAL

The Bonds have been issued only as fully registered Bonds without coupons in the manner described below. The Bonds were dated as of their initial date of delivery and mature on the dates set forth on the inside front cover page of this Reoffering Circular. The Bonds may bear interest at Daily, Weekly, Flexible or Term Interest Rates designated and determined from time to time as described herein. Following the reoffering of the Bonds on November 19, 2008, the Rate Period (as defined below) for the Bonds of each issue will be a Weekly Interest Rate Period. The Bonds are subject to purchase at the option of the holders of the Bonds, and under certain circumstances are subject to mandatory purchase, in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

Bonds may be transferred or exchanged for other Bonds in authorized denominations at the principal office of the Trustee as the registrar and paying agent (in such capacities, the *"Registrar"* and the *"Paying Agent"*). The Bonds will be issued in authorized denominations of $100,000 or any integral multiple of $100,000 (provided that one Bond need not be in a multiple of $100,000, but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate; $100,000 or any integral

multiple of $5,000 in excess of $100,000, when the Bonds bear interest at a Flexible Interest Rate; and $5,000 or any integral multiple thereof, when the Bonds bear interest at a Term Interest Rate (collectively, *"Authorized Denominations"*). Exchanges and transfers will be made without charge to the Owners, except for any applicable tax or other governmental charge.

A *"Business Day"* is a day except a Saturday, Sunday or other day (a) on which commercial banks located in the cities in which the principal office of the Bank or the principal office of the Obligor on an Alternate Credit Facility, as the case may be, the principal office of the Trustee, the principal office of the Remarketing Agent or the principal office of the Paying Agent are located are required or authorized by law to remain closed or are closed, or (b) on which The New York Stock Exchange, Inc. is closed.

*"Interest Payment Date"* means (a) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month, (b) with respect to any Term Interest Rate Period, the first day of the sixth month following the commencement of the Term Interest Rate Period and the first day of each sixth month thereafter, (c) with respect to any Flexible Segment, the Business Day next succeeding the last day of such Flexible Segment, (d) with respect to any Rate Period, the Business Day next succeeding the last day thereof and (e) with respect to any Bond when it bears interest at a Flexible Interest Rate, any date on which there is a mandatory purchase of the Bond as described in subparagraph (c) of the first paragraph under "—Mandatory Purchase" and (f) with respect to any Pledged Bond bearing interest at a Flexible Interest Rate, regardless of the duration of the Flexible Segment, the date on which such Pledged Bond is remarketed pursuant to the Indenture.

*"Rate Period"* means any Daily Interest Rate Period, Weekly Interest Rate Period, Flexible Interest Rate Period or Term Interest Rate Period.

*"Record Date"* means (a) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, Weekly Interest Rate Period or Flexible Segment, the Business Day next preceding such Interest Payment Date, and (b) with respect to any Interest Payment Date in respect of any Term Interest Rate Period, the fifteenth day of the month preceding such Interest Payment Date.

*"Tax-Exempt"* means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is not includible in gross income of the owners of such obligations for federal income tax purposes, except for any interest on any such obligations for any period during which such obligations are owned by a person who is a "substantial user" of any facilities financed or refinanced with such obligations or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), whether or not such interest is includible as an item of tax preference or otherwise includible directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Internal Revenue Code of 1986, as amended (the *"Code"*).

PAYMENT OF PRINCIPAL AND INTEREST

The principal of and premium, if any, on the Bonds is payable to the Owners upon surrender thereof at the principal office of the Paying Agent. Except when the Bonds are held in book-entry form (see *"Book-Entry System"*), interest is payable (i) by bank check or draft mailed by first class mail on the Interest Payment Date to the Owners as of the Record Date or (ii) during any Rate Period other than a Term Interest Rate Period, in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Bond if such account is maintained with the Paying Agent), but in respect of any Owner of Bonds in a Daily or Weekly Interest Rate Period only to any Owner which owns Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date and who has provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date.

Interest on each Bond is payable on each Interest Payment Date for each such Bond for the period commencing on the immediately preceding Interest Payment Date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such Interest Payment Date. Interest is computed, in the case of any Daily, Weekly, or Flexible Interest Rate Period, on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed and, in the case of a Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months.

RATE PERIODS

The term of the Bonds is divided into consecutive Rate Periods, during which such Bonds bear interest at a Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate, as described below. At any time the Rate Period applicable to any issue of Bonds may be different from that applicable to any other issue of Bonds.

WEEKLY INTEREST RATE PERIOD

*Determination of Weekly Interest Rate.* During each Weekly Interest Rate Period, the Bonds of an issue bear interest at the Weekly Interest Rate determined by the Remarketing Agent no later than the first day of such Weekly Interest Rate Period and thereafter no later than Tuesday of each week during such Weekly Interest Rate Period, unless any such Tuesday is not a Business Day, in which event the Weekly Interest Rate will be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday.

The Weekly Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Weekly Interest Rate for any period, the Weekly Interest Rate will be the same as the Weekly Interest Rate for the immediately preceding week. The first Weekly Interest Rate determined for each Weekly Interest Rate Period applies to the period commencing on the first day of the Weekly Interest Rate Period and ending on the next

succeeding Tuesday. Thereafter, each Weekly Interest Rate applies to the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period applies to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. In no event may the Weekly Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

*Adjustment to Weekly Interest Rate Period.* The interest rate borne by Bonds of an issue may be adjusted to a Weekly Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice (a) must specify the effective date of such adjustment to a Weekly Interest Rate, which must be (i) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (ii) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period, and (iii) in the case of an adjustment from a Flexible Interest Rate Period, either the day immediately following the last day of the then-current Flexible Interest Rate Period or the day immediately following the last day of the last Flexible Segment for each Bond in the then-current Flexible Interest Rate Period, all as determined in accordance with clause (a) or (b), respectively, under "—Flexible Interest Rate Period-Adjustment from Flexible Interest Rates;" *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Weekly Interest Rate Period may not precede such redemption date; and (b) if the adjustment is from a Term Interest Rate Period having a duration in excess of one year, must be accompanied by an opinion of nationally recognized bond counsel (*"Bond Counsel"*) to the effect that such adjustment (i) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (ii) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

*Notice of Adjustment to Weekly Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Weekly Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Weekly Interest Rate Period. Such notice must state (a) that the interest rate on such Bonds will be adjusted to a Weekly Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Weekly Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DAILY INTEREST RATE PERIOD

*Determination of Daily Interest Rate.* During each Daily Interest Rate Period, the Bonds of an issue bear interest at the Daily Interest Rate determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for any day that is not a Business Day.

The Daily Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Daily Interest Rate for any day by 10:00 a.m., New York time, the Daily Interest Rate for such day will be the same as the Daily Interest Rate for the immediately preceding Business Day. In no event may the Daily Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

*Adjustment to Daily Interest Rate Period.* The interest rate borne by Bonds of an issue may be adjusted to a Daily Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice (a) must specify the effective date of the adjustment to a Daily Interest Rate, which must be (i) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (ii) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period, and (iii) in the case of an adjustment from a Flexible Interest Rate Period, either the day immediately following the last day of the then-current Flexible Interest Rate Period or the day immediately following the last day of the last Flexible Segment for each Bond in the then-current Flexible Interest Rate Period, all as determined in accordance with clause (a) or (b), respectively, under "—Flexible Interest Rate Period-Adjustment from Flexible Interest Rates;" *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Daily Interest Rate Period may not precede such redemption date; and (b) if the adjustment is from a Term Interest Rate Period having a duration in excess of one year, is accompanied by an opinion of Bond Counsel to the effect that such adjustment (i) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (ii) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

*Notice of Adjustment to Daily Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Daily Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Daily Interest Rate Period. Such notice must state (a) that the interest rate on such Bonds will be adjusted to a Daily Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of

such Daily Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

TERM INTEREST RATE PERIOD

*Determination of Term Interest Rate.* During each Term Interest Rate Period, the Bonds of an issue bear interest at the Term Interest Rate determined by the Remarketing Agent on a Business Day selected by the Remarketing Agent, but not more than 30 days prior to and not later than the effective date of such Term Interest Rate Period.

The Term Interest Rate is the rate determined by the Remarketing Agent on such date, and communicated on such date to the Trustee, the Paying Agent, the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), as being the lowest rate (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which would enable the Remarketing Agent to sell the Bonds on the effective date of such Term Interest Rate Period at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If, for any reason, a Term Interest Rate for any Term Interest Rate Period has not be determined or effective, then (a) if the then-current Term Interest Rate Period is for one year or less, the Rate Period for such Bonds will automatically convert to a Daily Interest Rate Period and (b) if the then-current Term Interest Rate Period is for more than one year, the Rate Period for the Bonds will automatically adjust to a Term Interest Rate Period of one year and one day; *provided, however,* that if the last day of any successive Term Interest Rate Period is not a day immediately preceding a Business Day, then such successive Term Interest Rate Period will end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Interest Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period will be a Term Interest Rate Period ending on the day prior to the final maturity date of the Bonds; *provided*, further, that in the case of clause (b) above, if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then-effective Term Interest Rate Period, the Rate Period for the Bonds will adjust to a Daily Interest Rate Period. If the Daily Interest Rate for the first day of any such Daily Interest Rate Period is not determined as described under "—Daily Interest Rate Period-Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). If a Term Interest Rate for any such Term Interest Rate Period described in clause (b) above is not determined as described in the second preceding sentence, the Term Interest Rate for such Term Interest Rate Period will be 100% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). In no event may any Term Interest Rate exceed the lesser of 12% per annum or the rate specified in any Alternate Credit Facility then in effect.

*Adjustment to or Continuation of Term Interest Rate Period.* The interest rate borne by Bonds of an issue may be adjusted to or continued as a Term Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company, which notice specifies the duration of the Term Interest Rate Period during which the Bonds bear, or continue to bear, interest at a Term Interest Rate. Such notice may specify two or more consecutive Term Interest Rate Periods and, if it so specifies, must specify the duration of each such Term Interest Rate Period as provided in this paragraph. Such notice must specify the effective date of each Term Interest Rate Period, which must be (a) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (b) in the case of an adjustment from or continuation of a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period, and (c) in the case of an adjustment from a Flexible Interest Rate Period, either the day immediately following the last day of the then-current Flexible Interest Rate Period or the day immediately following the last day of the last Flexible Segment for each Bond in the then-current Flexible Interest Rate Period, all as determined in accordance with clause (a) or (b), respectively, under "—Flexible Interest Rate Period-Adjustment from Flexible Interest Rates;" *provided, however,* that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not been effected, the effective date of such Term Interest Rate Period may not precede such redemption date. Such notice must also specify (i) the last day of such Term Interest Rate Period (which is either the day preceding the maturity date of the Bonds or a day which both immediately precedes a Business Day and is at least one year after such effective date) and (ii) unless such Term Interest Rate Period immediately succeeds a Term Interest Rate Period of the same duration and is subject to the same optional redemption rights, is accompanied by an opinion of Bond Counsel to the effect that such adjustment (A) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (B) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

If, by 20 days prior to the end of the then-current Term Interest Rate Period, the Trustee has not received the Company's notice of an adjustment to a Daily Interest Rate Period, a Weekly Interest Rate Period, a Term Interest Rate Period or a Flexible Interest Rate Period, accompanied by appropriate opinions of Bond Counsel, then (a) in the event the then-current Term Interest Rate Period is for one year or less, the Rate Period for the Bonds will automatically convert to a Daily Interest Rate Period and (b) in the event the current Term Interest Rate Period is for more than one year, the Rate Period for the Bonds will automatically adjust to a Term Interest Rate Period of one year and one day; *provided, however,* that if the last day of any successive Term Interest Rate Period will not be a day immediately preceding a Business Day, then such successive Term Interest Rate Period will end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Interest Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period will be a Term Interest Rate Period ending on the day prior to the final maturity date of the Bonds; *provided,* further, that in the case of clause (b) above, if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then-effective Term Interest Rate Period, the Rate Period for the Bonds will adjust to a Daily Interest Rate Period. If

the Daily Interest Rate for the first day of any such Daily Interest Rate Period is not determined as described under "—Daily Interest Rate Period-Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). If a Term Interest Rate for any such Term Interest Rate Period described in clause (b) above is not determined as described in the second preceding sentence, the Term Interest Rate for such Term Interest Rate Period will be 100% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to *The Bond Buyer*).

The notice of an adjustment to or continuation of a Term Interest Rate may specify that such Term Interest Rate Period will be automatically renewed for successive Term Interest Rate Periods each having the same duration as the Term Interest Rate Period so specified; *provided, however*, that such election must be accompanied by an opinion of Bond Counsel to the effect that such continuing automatic renewals of such Term Interest Rate Period (a) are authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (b) will not adversely affect the Tax-Exempt status of interest on the Bonds. If such election is made, no opinion of Bond Counsel is required in connection with the commencement of each successive Term Interest Rate Period determined in accordance with such election. At the same time the Company elects to have the Bonds bear interest at a Term Interest Rate, or to continue to bear interest at a Term Interest Rate, the Company may also specify in the notice to the Trustee optional redemption prices and periods different from those set forth in the Indenture during the Term Interest Rate Period(s) with respect to which such election is made; *provided, however,* that such notice is accompanied by an opinion of Bond Counsel to the effect that such changes are authorized or permitted by the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and the Indenture and will not adversely affect the Tax-Exempt status of the Bonds.

*Notice of Adjustment to or Continuation of Term Interest Rate Period.* The Trustee will give notice by mail of an adjustment to or continuation of a Term Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Term Interest Rate Period. Such notice must state (a) that the interest rate on the Bonds will be adjusted to, or continue to be, a Term Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date and the last date of such Term Interest Rate Period, (c) that the Term Interest Rate for such Term Interest Rate Period will be determined not later than the effective date thereof, (d) how such Term Interest Rate may be obtained from the Remarketing Agent, (e) the Interest Payment Dates after such effective date, (f) that during such Term Interest Rate Period the holders of such Bonds will not have the right to tender their Bonds for purchase, (g) that, except when the new Term Interest Rate Period is preceded by a Term Interest Rate Period of the same duration, such Bonds are subject to mandatory purchase on such effective date, and (h) the redemption provisions that will apply to the Bonds during such Term Interest Rate Period.

FLEXIBLE INTEREST RATE PERIOD

*Determination of Flexible Segments and Flexible Interest Rates.* During each Flexible Interest Rate Period, each Bond bears interest during each Flexible Segment for such Bond at the Flexible Interest Rate for such Bond. Each Flexible Segment for any Bond will be a period ending on a day immediately preceding a Business Day, of not less than one nor more than 365 days determined by the Remarketing Agent to be, in its judgment, the period which, together with all other Flexible Segments for all Bonds of such issue then outstanding, is likely to result in the lowest overall net interest expense on such Bonds. Any Bond purchased on behalf of the Company and remaining unsold by the Remarketing Agent as of the close of business on the effective date of the Flexible Segment for such Bond will have a Flexible Segment of one day or, if such Flexible Segment would not end on a day immediately preceding a Business Day, a Flexible Segment of more than one day ending on the day immediately preceding the next Business Day. No Flexible Segment may extend beyond the final maturity date of the Bonds.

The Flexible Interest Rate for each Flexible Segment for each Bond is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) no later than the first day of such Flexible Segment (and in the case of a Flexible Segment of one day, no later than 12:30 p.m. New York time, on such date) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If a Flexible Segment or a Flexible Interest Rate for a Flexible Segment is not determined or effective, the Flexible Segment for such Bond will be a Flexible Segment of one day, and the interest rate for such Flexible Segment of one day will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). In no event may any Flexible Interest Rate exceed the lesser of 12% per annum or the rate specified in any Alternate Credit Facility then in effect.

*Adjustment to Flexible Interest Rate Period.* The interest rate borne by Bonds of an issue may be adjusted to Flexible Interest Rates upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice (a) must specify the effective date of the Flexible Interest Rate Period which must be (i) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee) and (ii) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period; *provided, however,* that if prior to the Company's making such election any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of the Flexible Interest Rate Period may not precede such redemption date and (b) in the case of an adjustment from a Term Interest Rate Period having a duration in excess of one year, is accompanied by an opinion of Bond Counsel to the effect that such adjustment (i) is authorized or permitted by the Indenture

and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (ii) will not adversely affect the Tax-Exempt status of the interest on the Bonds. During each Flexible Interest Rate Period commencing on the date so specified (provided that the opinion of Bond Counsel described in clause (b) above, if required, is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, each Bond will bear interest at a Flexible Interest Rate during each Flexible Segment for such Bond.

*Notice of Adjustment to Flexible Interest Rate Period.* The Trustee will give notice by mail of an adjustment to a Flexible Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Flexible Interest Rate Period. Such notice must state (a) that the interest rate on the Bonds will be adjusted to Flexible Interest Rates (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Flexible Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on the effective date of such Flexible Interest Rate Period, (d) the procedures for such mandatory purchase, and (e) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

*Adjustment from Flexible Interest Rates.* At any time during a Flexible Interest Rate Period, the interest rate borne by Bonds of an issue may be adjusted from Flexible Interest Rates and the Bonds will instead bear interest as otherwise permitted in the Indenture, upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of written notice from the Company specifying the Rate Period to follow with respect to such Bonds and instructing the Remarketing Agent to:

(a) determine Flexible Segments of such duration that, as soon as possible, all Flexible Segments will end on the same date, not earlier than the eleventh day following the third Business Day (or such shorter period acceptable to the Trustee) following the receipt by the Trustee and Paying Agent of notice from the Company, which date will be the last day of the then-current Flexible Interest Rate Period, and, upon the establishment of such Flexible Segments, the day next succeeding the last day of all such Flexible Segments is the effective date of the Rate Period elected by the Company; or

(b) determine Flexible Segments of such duration that will, in the judgment of the Remarketing Agent, best promote an orderly transition to the next succeeding Rate Period beginning not earlier than the eleventh day following the third Business Day (or such shorter period acceptable to the Trustee) after the receipt by the Trustee and Paying Agent of such notice.

If the Company selects alternative (b) above, the day next succeeding the last day of the Flexible Segment for each Bond of an issue will be with respect to such Bond the effective date of the Rate Period elected by the Company. An adjustment from a Flexible Interest Rate Period described in this paragraph may result in some of the Bonds of an issue bearing interest at a Daily Interest Rate, Weekly Interest Rate or Term Interest Rate while other Bonds of such issue continue to bear interest at Flexible Interest Rates.

DETERMINATION CONCLUSIVE

The determination of the various interest rates referred to above is conclusive and binding upon the Remarketing Agent, the Trustee, the Paying Agent, the Issuer, the Company, the Owners of the Bonds and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

RESCISSION OF ELECTION

The Company may rescind any election by it to adjust to or, in the case of a Term Interest Rate Period, continue a Rate Period prior to the effective date of such adjustment or continuation by giving written notice of rescission to the Issuer, the Trustee, the Paying Agent the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) prior to such effective date. At the time the Company gives notice of the rescission, it may also elect in such notice to continue the Rate Period then in effect; *provided, however,* that if the Rate Period then in effect is a Term Interest Rate Period, the subsequent Term Interest Rate Period may not be of a different duration than the Term Interest Rate Period then in effect unless the Company provides to the Trustee an approving opinion of Bond Counsel prior to the expiration of the then-current Term Interest Rate Period. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the change in or continuation of Rate Periods, then such notice of change in or continuation of Rate Periods is of no force and effect and will not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment from other than a Term Interest Rate Period in excess of one year or an attempted adjustment from one Rate Period (other than a Term Interest Rate Period in excess of one year) to another Rate Period does not become effective for any other reason and if the Company does not elect to continue the Term Interest Rate Period then in effect, then the Rate Period for the Bonds will automatically adjust to or continue in a Daily Interest Rate Period and the Trustee will immediately give notice thereof to the Owners of the Bonds. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment from a Term Interest Rate Period in excess of one year to another Rate Period (including a Term Interest Rate Period of a different duration), or if an attempted adjustment from a Term Interest Rate Period in excess of one year to another Rate Period (including a Term Interest Rate Period of a different duration) does not become effective for any reason and if the Company does not elect to continue the Term Interest Rate Period then in effect, then the Rate Period for the Bonds will continue to be a Term Interest Rate Period of the same duration as the immediately preceding Term Interest Rate Period, subject to the second proviso contained in the paragraph above under "—Term Interest Rate Period-Determination of Term Interest Rate;" *provided* that if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then effective Term Interest Rate Period, the Rate Period for the Bonds will be as directed by the Company in writing. If a Daily Interest Rate for the first day of any Daily Interest Rate Period to which a Rate Period is adjusted in accordance with this paragraph is not determined as described in "-Daily Interest Rate Period-Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the

publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). The Trustee will immediately give written notice of each such automatic adjustment to a Rate Period as described in this paragraph to the Owners.

Notwithstanding the rescission by the Company of any notice to adjust or continue a Rate Period, if notice has been given to Owners of such adjustment or continuation, the Bonds are subject to mandatory purchase as specified in such notice.

OPTIONAL PURCHASE

*Daily Interest Rate Period.* During any Daily Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee and to the Remarketing Agent at the Principal Office of the Remarketing Agent, not later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written or telephonic notice (promptly confirmed in writing), which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and the date of such purchase; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on such purchase date.

*Weekly Interest Rate Period.* During any Weekly Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Wednesday, or if such Wednesday is not a Business Day, the next succeeding Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable written notice or telephonic notice (promptly confirmed in writing) by 5:00 p.m., New York time, on any Business Day, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and the date on which such Bond is to be purchased, which date may not be prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the

Trustee at or prior to 1:00 p.m., New York time, on the purchase date specified in such notice.

*Term Interest Rate Period.* Any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on the first day of any Term Interest Rate Period that follows a Term Interest Rate Period of equal duration, at a purchase price equal to (x) if the Bond is purchased on or prior to the Record Date, 100% of the principal amount thereof plus accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase is an Interest Payment Date in which case the purchase price is equal to the principal amount thereof) or (y) if the Bond is purchased after the Record Date, 100% of the principal amount thereof, upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee on any Business Day not less than 15 days before the purchase date of an irrevocable notice in writing by 5:00 p.m., New York time, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be so tendered for purchase; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on the date of such purchase.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE BENEFICIAL OWNER OF THE BONDS THROUGH ITS DIRECT PARTICIPANT (AS HEREINAFTER DEFINED) MUST GIVE NOTICE TO THE TRUSTEE TO ELECT TO HAVE SUCH BONDS PURCHASED, AND MUST EFFECT DELIVERY OF SUCH BONDS BY CAUSING SUCH DIRECT PARTICIPANT TO TRANSFER ITS INTEREST IN THE BONDS EQUAL TO SUCH BENEFICIAL OWNER'S INTEREST ON THE RECORDS OF DTC TO THE TRUSTEE'S PARTICIPANT ACCOUNT WITH DTC. THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DTC PARTICIPANTS ON THE RECORDS OF DTC. SEE "—BOOK-ENTRY SYSTEM."

MANDATORY PURCHASE

The Bonds are subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the purchase date described below, upon the occurrence of any of the events stated below:

(a) as to any Bond, on the effective date of any change in a Rate Period, other than the effective date of a Term Interest Rate Period which was preceded by a Term Interest Rate Period of the same duration;

(b) as to each Bond in a Flexible Interest Rate Period, on the day next succeeding the last day of any Flexible Segment with respect to such Bond; or

(c) as to all Bonds of an issue, on the Business Day preceding an Expiration of the Term of the Letter of Credit or an Expiration of the Term of an Alternate Credit Facility; or

(d) as to all of the Bonds of an issue, on the next succeeding Business Day following the day that the Trustee receives notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that, following a drawing on the Letter of Credit or the Alternate Credit Facility on an Interest Payment Date for the payment of unpaid interest on the Bonds, the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms.

When Bonds are subject to redemption pursuant to paragraph (c) below under "—Optional Redemption of Bonds," the Bonds are also subject to mandatory purchase on a day that the Bonds would be subject to redemption, at a purchase price equal to 100% of the principal amount thereof plus an amount equal to any premium which would have been payable on such redemption date had the Bonds been redeemed if the Company gives notice to the Trustee on the day prior to the redemption date that it elects to have the Bonds purchased in lieu of redemption. If the Bonds are purchased on or prior to the Record Date, the purchase price will include accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase is an Interest Payment Date, in which case the purchase price is equal to the amount specified in the preceding sentence). If the Bonds are purchased after the Record Date, the purchase price does not include accrued interest.

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (c) of the second preceding paragraph, the Trustee will give notice by mail to the Remarketing Agent and the Owners of the Bonds of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, not less than 15 days prior to such Expiration, which notice must (a) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such Expiration, and any Substitute Letter of Credit or Alternate Credit Facility to be in effect upon such Expiration and state the name of the provider thereof; (b) state the date of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be; (c) state the rating or ratings, if any, which the Bonds are expected to receive from any rating agency following such Expiration; (d) state that the Bonds are subject to mandatory purchase; (e) state the purchase date; and (f) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the New York office designated by the Trustee as the "Delivery Office of the Trustee."

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (d) of the third preceding paragraph, the Trustee shall, immediately upon receipt of notice from the Bank or the Obligor on a Alternate Credit Facility, as the case may be, that the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms, give Electronic Notice and notice by overnight mail service to the Remarketing Agent and to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar, which notice shall (a) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such mandatory purchase; (b) state that the Letter of

Credit or the Alternate Credit Facility, as the case may be, is not being reinstated in accordance with its terms; (c) state that the Bonds are subject to mandatory purchase; (d) state the purchase date; and (e) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the New York office designated by the Trustee as the "Delivery Office of the Trustee."

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, NOTICES OF MANDATORY PURCHASE OF BONDS WILL BE GIVEN BY THE TRUSTEE TO DTC ONLY, AND NEITHER THE ISSUER, THE TRUSTEE, THE COMPANY NOR ANY REMARKETING AGENT HAS ANY RESPONSIBILITY FOR THE DELIVERY OF ANY SUCH NOTICES BY DTC TO ANY DIRECT PARTICIPANTS OF DTC, BY ANY DIRECT PARTICIPANTS TO ANY INDIRECT PARTICIPANTS OF DTC OR BY ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO BENEFICIAL OWNERS OF THE BONDS. FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON THE RECORDS OF DTC. SEE "BOOK-ENTRY SYSTEM."

PURCHASE OF BONDS

On the date on which Bonds are delivered to the Trustee for purchase as specified above under "—Optional Purchase" or "—Mandatory Purchase," the Trustee will pay the purchase price of such Bonds solely from the following sources in the order of priority indicated, and the Trustee has no obligation to use funds from any other source:

(a) Available Moneys (as hereinafter defined) furnished by the Company to the Trustee for the purchase of Bonds;

(b) proceeds of the sale of such Bonds (other than Bonds sold to the Company, any subsidiary of the Company, any guarantor of the Company, the Issuer or any "insider" (as defined in the United States Bankruptcy Code) of any of the aforementioned) by the Remarketing Agent;

(c) Available Moneys or moneys provided pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, for the payment of the purchase price of the Bonds furnished by the Trustee pursuant to the Indenture for the purchase of Bonds deemed paid in accordance with the defeasance provisions of the Indenture;

(d) moneys furnished pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, to the Trustee for the payment of the purchase price of the Bonds; and

(e) any other moneys furnished by the Company to the Trustee for purchase of the Bonds;

*provided, however,* that funds for the payment of the purchase price of defeased Bonds may be derived only from the sources described in (c) above, in such order of priority.

*"Available Moneys"* means (a) during such time as a Letter of Credit or an Alternate Credit Facility is in effect, (i) moneys on deposit in trust with the Trustee as agent and bailee for the Owners of the Bonds for a period of at least 123 days prior to and during which no petition in bankruptcy or similar insolvency proceeding has been filed by or against the Company or the Issuer (or any subsidiary of the Company, any guarantor of the Company or any insider (as defined in the United States Bankruptcy Code), to the extent that such moneys were deposited by any of such subsidiary, guarantor or insider) or is pending (unless such petition has been dismissed and such dismissal is final and not subject to appeal) and (ii) (A) proceeds of the issuance of refunding bonds (including proceeds from the investment thereof), and (B) any other moneys, if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Company (which opinion is in a form acceptable to the Trustee, to Moody's, if the Bonds are then rated by Moody's and to S&P, if the Bonds are then rated by S&P, and is delivered to the Trustee at or prior to the time of the deposit of such proceeds with the Trustee), the deposit and use of such proceeds or other moneys will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event either the Issuer or the Company were to become a debtor under the United States Bankruptcy Code (the *"Preference Opinion Condition"*), and (b) at any time that a Letter of Credit or an Alternate Credit Facility is not in effect, any moneys on deposit with the Trustee as agent and bailee for the Owners of the Bonds and proceeds from the investment thereof.

REMARKETING OF BONDS

The Remarketing Agent will offer for sale and use its best efforts to remarket any Bond subject to purchase pursuant to the optional or mandatory purchase provisions described above, any such remarketing to be made at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Company may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some or all of the Bonds.

Anything in the Indenture to the contrary notwithstanding, at any time during which the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, there will be no sales of Bonds as described in the preceding paragraph, if (a) there has occurred and has not been cured or waived an Event of Default described in paragraphs (a), (b) or (c) under the caption "THE INDENTURES—Defaults" of which the Remarketing Agent and the Trustee have actual knowledge or (b) the Bonds have been declared to be immediately due and payable as described under the caption "THE INDENTURES—Remedies" and such declaration has not been rescinded pursuant to the Indenture.

OPTIONAL REDEMPTION OF BONDS

Bonds of any issue may be redeemed at the option of the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)), in whole, or in part by lot, prior to their maturity date as follows:

(a) On any Business Day during a Daily Interest Rate Period or Weekly Interest Rate Period, the Bonds of an issue may be redeemed at a redemption price equal

to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption.

(b) During any Flexible Interest Rate Period, each Bond may be redeemed on the day next succeeding the last day of each Flexible Segment for such Bond at a redemption price equal to 100% of its principal amount.

(c) During any Term Interest Rate Period and on the day next succeeding the last day of each Term Interest Rate Period, the Bonds of an issue may be redeemed during the periods specified below, in whole or in part at any time, at the redemption prices set forth below plus accrued interest, if any, to the redemption date:

| LENGTH OF TERM INTEREST RATE PERIOD | REDEMPTION DATES AND PRICES |
|---|---|
| Greater than 13 years | At any time on or after the 10th anniversary of the effective date of the Term Interest Rate Period at 102% declining 1% annually to 100% |
| Greater than 10 and less than or equal to 13 years | At any time on or after the 5th anniversary of the effective date of the Term Interest Rate Period at 102% declining 1% annually to 100% |
| Greater than 7 and less than or equal to 10 years | At any time on or after the 3rd anniversary of the effective date of the Term Interest Rate Period at 102% declining 1% annually to 100% |
| Greater than 4 and less than or equal to 7 years | At any time on or after the 2nd anniversary of the effective date of the Term Interest Rate Period at 101% declining 1/2% annually to 100% |
| Greater than 2 and less than or equal to 4 years | At any time on or after the 2nd anniversary of the effective date of the Term Interest Rate Period at 101% declining 1/2% each six months thereafter to 100% |
| Greater than 1 and less than or equal to 2 years | At any time on or after the 1st anniversary of the effective date of the Term Interest Rate Period at 100-1/2% declining 1/2% six months thereafter to 100% |
| Less than or equal to 1 year | Not redeemable |

With respect to any Term Interest Rate Period, the Company may specify in the notice described above in the third paragraph under "—Term Interest Rate Period-Adjustment to or Continuation of Term Interest Rate Period" redemption provisions, prices and periods other than those set forth above; *provided, however*, that such notice is accompanied by an opinion of Bond Counsel to the effect that such changes are authorized or permitted by the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and the Indenture and will not adversely affect the Tax-Exempt status of the Bonds.

EXTRAORDINARY OPTIONAL REDEMPTION OF BONDS

At any time, the Bonds of an issue are subject to redemption at the option of the Company in whole or in part (and if in part, by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, upon receipt by the Trustee of a written notice from the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)) stating that any of the following events has occurred and that the Company therefore intends to exercise its option to prepay the payments due under the Loan Agreement in whole or in part and thereby effect the redemption of the Bonds of an issue in whole or in part to the extent of such prepayments:

(a) the Company has determined that the continued operation of the Plant is impracticable, uneconomical or undesirable for any reason; or

(b) the Company has determined that the continued operation of the Project is impracticable, uneconomical or undesirable due to (i) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as the Project, or other liabilities or burdens with respect to the Project or the operation thereof, (ii) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (iii) destruction of or damage to all or part of the Project; or

(c) all or substantially all of the Project or the Plant has been condemned or taken by eminent domain; or

(d) the operation of the Project or the Plant has been enjoined or has otherwise been prohibited by, or conflicts with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

SPECIAL MANDATORY REDEMPTION OF BONDS

The Bonds are subject to mandatory redemption at 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption upon the occurrence of the following events.

The Bonds will be redeemed in whole within 180 days following a *"Determination of Taxability"* as defined below; *provided* that, if in the opinion of Bond Counsel delivered to the Trustee, the redemption of a specified portion of the Bonds outstanding would have the result that interest payable on the Bonds remaining outstanding after such redemption would remain Tax-Exempt, then the Bonds will be redeemed in part by lot (in Authorized Denominations) in such amount as Bond Counsel in such opinion has determined is necessary to accomplish that result. A *"Determination of Taxability"* is deemed to have occurred if, as a result of an Event of Taxability (as defined below), a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Bond is or was

includible in the gross income of an owner of the Bonds for federal income tax purposes under the Code (other than an owner who is a *"substantial user"* or *"related person"* within the meaning of Section 103(b)(13) of the 1954 Code). However, no such decree or action will be considered final for this purpose unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any owner of a Bond, and until conclusion of any appellate review, if sought. If the Trustee receives written notice from any owner stating (a) that the owner has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Bond in the gross income of such owner for the reasons described therein or any other proceeding has been instituted against such owner which may lead to a final decree or action as described in the Loan Agreement, and (b) that such owner will afford the Company the opportunity to contest the same, either directly or in the name of the owner, until a conclusion of any appellate review, if sought, then the Trustee will promptly give notice thereof to the Company, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Issuer and the owner of each Bond then outstanding. If a final decree or action as described above thereafter occurs and the Trustee has received written notice thereof at least 45 days prior to the redemption date, the Trustee will make the required demand for prepayment of the amounts payable under the Loan Agreement for prepayment of the Bonds and give notice of the redemption of the Bonds at the earliest practical date, but not later than the date specified in the Loan Agreement, and in the manner provided by the Indenture. An *"Event of Taxability"* means the failure of the Company to observe any covenant, agreement or representation in the Loan Agreements, which failure results in a Determination of Taxability.

PROCEDURE FOR AND NOTICE OF REDEMPTION

If less than all of the Bonds of an issue are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected by the Trustee, by lot. In selecting Bonds for redemption, the Trustee will treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of each Bond by the minimum Authorized Denomination. Notwithstanding the foregoing provisions, Pledged Bonds shall be redeemed prior to any other Bonds. Any Bonds selected for redemption which are deemed to be paid in accordance with the provisions of the Indenture will cease to bear interest on the date fixed for redemption. Subject to the procedures described below under "—Book-Entry System" for Bonds held in book-entry form, upon presentation and surrender of such Bonds at the place or places of payment, such Bonds will be paid and redeemed. Notice of redemption will be given by mail as provided in the Indenture, at least 30 days and not more than 60 days prior to the redemption date, provided that the failure to duly give notice by mailing to any Owner, or any defect therein, does not affect the validity of any proceedings for the redemption of any other of the Bonds. Such notice will also be sent to the Remarketing Agent, the Insurer, the Bank or the Obligor on an Alternative Credit Facility, as the case may be, the Company Mortgage Trustee, Moody's, S&P, securities depositories and bond information services.

With respect to notice of any optional redemption of the Bonds, as described above, unless upon the giving of such notice, such Bonds are deemed to have been paid within the meaning of the Indenture, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of Available Moneys

sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed. If such Available Moneys are not so received, the redemption will not be made and the Trustee will give notice, in the manner in which the notice of redemption was given, that such redemption will not take place.

SPECIAL CONSIDERATIONS RELATING TO THE BONDS

*The Remarketing Agents are Paid By the Company.* The Remarketing Agents' responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the applicable Indenture and the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agents are appointed by the Company and paid by the Company for their services. As a result, the interests of the Remarketing Agents may differ from those of existing Holders and potential purchasers of Bonds.

*The Remarketing Agents May Purchase Bonds for their Own Accounts.* The Remarketing Agents act as remarketing agents for a variety of variable rate demand obligations and, in their sole discretion, may purchase such obligations for their own accounts. The Remarketing Agents are permitted, but not obligated, to purchase tendered Bonds for their own accounts and, in their sole discretion, may acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the Bonds by purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agents are not required to make a market in the Bonds. The Remarketing Agents may also sell any Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce their exposure to the Bonds. The purchase of Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

*Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.* Pursuant to the Indentures and the Remarketing Agreements, the Remarketing Agents are required to determine the applicable rate of interest that, in their judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agents are willing to purchase Bonds for their own accounts). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agents may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agents may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Bonds at the remarketing price. In the event a Remarketing Agent owns any Bonds for its

own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

*The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited.* The Remarketing Agents may buy and sell Bonds other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

*The Remarketing Agents May Resign, Without a Successor Being Named.* The Remarketing Agents may resign, upon 30 days' prior written notice, without a successor having been named.

BOOK-ENTRY SYSTEM

*The following information in this section concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry system has been furnished for use in the Reoffering Circular by DTC. None of the Company, the Issuers or the Remarketing Agents take any responsibility for the accuracy of such information.*

DTC will act as securities depository for the Bonds. The Bonds were issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds of each issue, in the aggregate principal amount thereof, and will be deposited with DTC. One fully-registered Bond was issued for each issue of the Bonds, in the aggregate principal amount of such issue, and was deposited with DTC.

DTC, the world's largest securities 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 whole-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 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct 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 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

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. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the Bonds within an issue 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.

As long as the book-entry system is used for the Bonds, redemption notices will be sent to Cede & Co. If less than all of the Bonds of any issue 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is used for the Bonds, principal or purchase price of and premium, if any, and interest payments on, the 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 fund and corresponding detailed information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Company, the Paying Agent, the Trustee, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants are the responsibility of DTC, and disbursement of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants.

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

None of the Issuer, the Company, the Remarketing Agent, the Trustee nor the Paying Agent will have any responsibility or obligation to any securities depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the securities depository or any Participant; (b) the payment by the securities depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption of, or interest on, any Bonds; (c) the delivery of any notice by the securities depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the securities depository or any Participant.

## TERMINATION OF BOND INSURANCE

Concurrently with the issuance of the Bonds, Ambac issued an Ambac Insurance Policy with respect to the Bonds of each issue to guarantee the payment of principal of and interest on the applicable Bonds when due. In connection with the delivery of the Letters of Credit, Ambac, the Company, the Trustee, each of the Issuers and the Company, acting as owner of Bonds, will enter into separate Release Agreements, pursuant to which Ambac will be released from all liabilities under each Ambac Insurance Policy and will surrender any and all rights under the Trust Indentures and payment of principal of and interest on the Bonds when due will no longer be guaranteed by Ambac under the Ambac Insurance Policies. Purchasers of the Bonds will be deemed to have consented to the provisions of the Release Agreements, including but not limited to the release of Ambac from all liabilities under the applicable Ambac Insurance Policy.

**Purchasers of the Bonds have no claims against Ambac for the payment of principal of and interest on the Bonds under the Ambac Insurance Policies and may only look to the Bank (so long as the Bank is obligated to make such payment under the Letter of Credit), an Obligor on an Alternate Credit Facility (to the extent the such Obligor is obligated to make such payment under an Alternate Credit Facility) or the Company.**

Under the Indenture and the Loan Agreement, PacifiCorp has reserved the right following the expiration or termination of the Letter of Credit to obtain an Insurance Policy as all or part of an Alternate Credit Facility. *References in the Indenture, the Loan Agreement and in this Reoffering Circular to the Insurer or an Insurance Policy, refer to the provider of such Insurance Policy or such Insurance Policy and not to Ambac or the Ambac Insurance Policies; provided, however, that Ambac is not prevented from providing an Insurance Policy in the future as all or part of an Alternate Credit Facility. No Insurance Policy will be in place while the Letter of Credit is in effect.*

## THE LETTERS OF CREDIT AND THE CREDIT AGREEMENTS

*Each Letter of Credit will operate independently. A default under a Letter of Credit with respect to the Bonds of one issue may not, in and of itself, constitute a default under a Letter of Credit with respect to the Bonds of any other issue; however, the same occurrence may constitute a default under the Letter of Credit with respect to Bonds of more than one issue. The Letters of Credit contain substantially identical terms, and the following is a summary of certain*

*provisions common to the Letters of Credit. All references in this summary to the Issuer, the Trustee, the Bank, the Remarketing Agent, the Letter of Credit, the Indenture, the Loan Agreement, the Bonds and other documents and parties are deemed to refer to the Issuer, the Trustee, the Bank, the Remarketing Agent, the Letter of Credit, the Indenture, the Bonds and such other documents and parties, respectively, relating to each issue of the Bonds.*

LETTERS OF CREDIT

On the date of reoffering of the Bonds, the Bank will issue in favor of the Trustee for each issue of Bonds a separate Letter of Credit in the form of a direct pay letter of credit. Each Letter of Credit will be issued in the aggregate principal amount of the applicable issue of Bonds plus 48 days' interest at 12% per annum, on the basis of a 365 day year (as from time to time reduced and reinstated as provided in each Letter of Credit). Each Letter of Credit will permit the Trustee to draw up to an amount equal to the then outstanding principal amount of the applicable issue of Bonds to pay the unpaid principal thereof and accrued interest on such Bonds, subject to the terms, conditions and limitations stated therein. The Letter of Credit for each issue of the Bonds will be substantially in the form attached hereto as Appendix E.

Each Letter of Credit will expire on November 19, 2009, but will be automatically extended, without written amendment, to, and shall expire on, November 19, 2010, unless on or before October 20, 2009, notice is received by the Trustee stating that the Bank elects not to extend such Letter of Credit beyond November 19, 2009. The date on which the Letter of Credit expires as described in the preceding sentence, or if such date is not a Business Day then the first succeeding Business Day thereafter is defined in the Letter of Credit as the Expiration Date. As used in each Letter of Credit, the term "Business Day" means a day on which the San Francisco Letter of Credit Operations Office of the Bank is open for business.

Each drawing honored by the Bank under each Letter of Credit will immediately reduce the available amount thereunder by the amount of such drawing. Any drawing to pay interest will be automatically reinstated on the eighth (8th) Business Day following the date such drawing is honored by the Bank, unless the Company shall have received notice from the Bank no later than seven (7) Business Days after such drawing is honored that there shall be no such reinstatement. Any drawing to pay the purchase price of a Bond shall be reinstated if the Bonds related to such drawing are remarketed and the remarketing proceeds are paid to the Bank prior to the Expiration Date in an amount equal to the sum of (i) the amount paid to the Bank from such remarketing proceeds and (ii) interest on such amount. See Appendix E.

CREDIT AGREEMENTS

*General.* The Company is party to that certain $800,000,000 Amended and Restated Credit Agreement dated July 6, 2006 among the Company, the financial institutions party thereto, the Administrative Agent (as defined below) and The Royal Bank of Scotland plc, as syndication agent (together with all related documents, the *"2006 Credit Agreement"*) and that certain $700,000,000 Credit Agreement dated October 23, 2007 among the Company, the financial institutions party thereto, the Administrative Agent and The Royal Bank of Scotland plc, as syndication agent (together with all related documents, the *"2007 Credit Agreement"*). In

addition, the Company has executed and delivered a separate Letter of Credit Agreement (each, a "Letter of Credit Agreement" and collectively, the *"Letter of Credit Agreements"*) requesting that the Bank issue a letter of credit for each issue of Bonds and governing the issuance thereof. The Letter of Credit Agreements, the 2006 Credit Agreement and the 2007 Credit Agreement are collectively referred to herein as the "Credit Agreements." Each Letter of Credit is issued pursuant to either the 2006 Credit Agreement or the 2007 Credit Agreement, together with the related Letter of Credit Agreement.

The Credit Agreements define the relationship between the Company and the financial institutions party thereto, including the Bank; neither the Issuers nor the Trustee have any interest in the Credit Agreements or in any of the funds or accounts created under them. Under the Credit Agreements, the Company has agreed to reimburse the Bank for any drawings under the related Letter of Credit, to pay certain fees and expenses, to pay interest on any unreimbursed drawings or other amounts unpaid, and to reimburse the Bank for certain other costs and expenses incurred.

*Defined Terms*. Capitalized terms used in this section and in the 2006 Credit Agreement or the 2007 Credit Agreement, as applicable, that are not otherwise defined in this Reoffering Circular will have the meanings set forth below.

*"Administrative Agent"* means, with respect to the 2006 Credit Agreement, JPMorgan Chase Bank, N.A. in its capacity as administrative agent for the Syndicate Banks and its successors in such capacity, and with respect to the 2007 Credit Agreement, Union Bank of California, N.A. in its capacity as administrative agent for the Syndicate Banks and its successors in such capacity.

*"Commitment"* means (i) with respect to any Syndicate Bank listed on the signature pages to the respective Credit Agreement, the amount set forth opposite its name on the commitment schedule as its Commitment and (ii) with respect to each additional Syndicate Bank or assignee which becomes a Syndicate Bank pursuant to either of the Credit Agreements, the amount of the Commitment thereby assumed by it, in each case as such amount may from time to time be reduced or increased pursuant to the respective Credit Agreement.

*"Debt"* of any Person means at any date, without duplication, (i) all obligations of such Person for borrower money, (ii) all obligations of such Person evidenced by bonds (other than surety bonds), debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all Capitalized Lease Obligations (as defined in the respective Credit Agreement) of such Person, (v) all non-contingent reimbursement, indemnity or similar obligations of such Person in respect of amounts paid under a letter of credit, surety bond or similar instrument, (vi) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vii) all Debts of others Guaranteed (as defined in the respective Credit Agreement) by such Person.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

*"ERISA Group"* means all members of a controlled group of corporations and all trades or business (whether or not incorporated) under common control which, together with Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

*"Issuing Bank"* means any Syndicate Bank designated by Company that may agree to issue letters of credit pursuant to an instrument in form reasonably satisfactory to the Administrative Agent, each in its capacity as an issuer of a letter of credit under the respective Credit Agreement.

*"Loans"* means Committed Loans or Competitive Bid Loans (as such terms are defined in the respective Credit Agreement) or any combination of the foregoing pursuant to the respective Credit Agreement.

*"Material Debt"* means Debt of the Company arising under a single or series of related instruments or other agreements exceeding $35,000,000 in principal amount.

*"PBGC"* means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

*"Person"* means any individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

*"Reimbursement Obligations"* means, if Commitments remain in effect on the date payment is made by the Issuing Bank, all such amounts paid by an Issuing Bank and remaining unpaid by the Company after the date and time required for payment under the respective Credit Agreement.

*"Required Banks"* means at any time Syndicate Banks having more than 50% of the total Commitments under the respective Credit Agreement, or if the Commitments shall have been terminated, holding more than 50% of the sum of the outstanding Loans and letter of credit liabilities.

*"Syndicate Bank"* or *"Syndicate Banks"* means, individually or collectively, each bank or other financial institution listed on the signature pages to the respective Credit Agreements, each assignee which becomes a Syndicate Bank pursuant to the respective Credit Agreements, and their respective successors.

*Events of Default and Remedies.* Any one or more of the following events constitute an event of default (an *"Event of Default"*) under the respective Credit Agreement:

(a) the Company shall fail to pay when due any principal of any Loan or any Reimbursement Obligation or shall fail to pay, within five days of the due date thereof, any interest, commitment fees or facility fees payable hereunder or shall fail to cash collateralize any letter of credit pursuant to the respective Credit Agreement;

(b) the Company shall fail to pay any other amount claimed by one or more Syndicate Banks under the respective Credit Agreement within five days of the due date thereof, unless (i) such claim is disputed in good faith by the Company, (ii) such unpaid claimed amount does not exceed $100,000 and (iii) the aggregate of all such unpaid claimed amounts does not exceed $300,000;

(c) the Company shall fail to observe or perform certain specified financial covenants contained in the respective Credit Agreement;

(d) the Company shall fail to observe or perform any covenant or agreement contained in the respective Credit Agreement (other than those covered by clause (a), (b) or (c) above) for 15 days after written notice thereof has been given to the Company by the Administrative Agent at the request of any Syndicate Bank;

(e) any representation, warranty, certification or statement made by the Company in the respective Credit Agreement or in any certificate, financial statement or other document delivered pursuant to such Credit Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(f) the Company shall fail to make any payment in respect of any Material Debt (other than Loans or any Reimbursement Obligation) or Material Hedging Obligations (as defined in the respective Credit Agreement) when due or within any applicable grace period;

(g) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Company or enables the holder of such Material Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(h) the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property; or shall consent to any such relief or to the appoint of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect;

(j) the Company or any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $25,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Material Plan (as defined in the 2006 Credit Agreement) shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability in excess of $25,000,000 (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Multiemployer Plan (as defined in the 2006 Credit Agreement) against any member of the ERISA Group to enforce Section 515 or 4219(c)(5) of ERISA in respect of an amount or amounts aggregating in excess of $25,000,000, and such proceeding shall not have been dismissed within 20 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which would cause one or more members of the ERISA Group to incur a current payment obligation in excess of $25,000,000;

(k) a judgment or order for the payment of money in excess of $25,000,000 shall be rendered against the Company and such judgment or order shall continue unsatisfied and unstayed for a period of 30 days;

(l) MidAmerican Energy Holdings Company or any wholly-owned subsidiary thereof that owns common stock of the Company (*"MidAmerican"*) shall fail to own (directly or indirectly through one or more Subsidiaries) at least 80% of the outstanding shares of common stock of the Company; any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended), except Berkshire Hathaway Inc. or any wholly-owned subsidiary thereof, shall acquire a beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 35% or more of the outstanding shares of common stock of MidAmerican; or, during any period of 14 consecutive calendar months commencing on or after March 21, 2006, individuals who were directors of the Company on the first day of such period and any new director whose election by the board of directors of the Company or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the applicable period or whose election or nomination for election was previously so approved, shall cease to constitute a majority of the board of directors of the Company.

Upon the occurrence of any Event of Default under the respective Credit Agreement, the Administrative Agent shall (i) if request by the Required Banks, by notice to the Company terminate the Commitments and the obligation of each Syndicate Bank to make Loans thereunder and the obligation of each Issuing Bank to issue any letter of credit thereunder and such obligations to make Loans and issue new Letters of Credit shall thereupon terminate, and

(ii) if requested by the Required Banks, by notice to the Company declare the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the respective Credit Agreement to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; *provided* that in the case of any of the Events of Default specified in clause (h) or (i) above with respect to the Company, without any notice to the Company or any other act by the Administrative Agent or the Syndicate Banks, the Commitments shall thereupon terminate and the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the respective Credit Agreement shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

The Company agrees, in addition to the Events of Default provisions above, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the Administrative Agent upon the instruction of the Required Banks or any Issuing Bank having an outstanding letter of credit issued under the respective Credit Agreement, pay to the Administrative Agent an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Administrative Agent) equal to the aggregate amount available for drawing under all letters of credit issued under the respective Credit Agreements outstanding at such time (or, in the case of a request by an Issuing Bank, all such letters of credit issued by it); provided that, upon the occurrence of any Event of Default specified in clause (h) or (i) above with respect to the Company, and on the scheduled termination date of the respective Credit Agreement, the Company shall pay such amount forthwith without any notice or demand or any other act by the Administrative Agent, any Issuing Bank or any Syndicate Bank.

## THE LOAN AGREEMENTS

*Each Loan Agreement will operate independently. A default under one Loan Agreement will not necessarily constitute a default under the other Loan Agreements. The Loan Agreements contain substantially identical terms, and the following is a summary of certain provisions common to the Loan Agreements. All references in this summary to the Issuer, the Bank, the Loan Agreement and payments thereunder, the Indenture, the Letter of Credit, the Bonds, the Prior Bonds, the Facilities, the Project and other documents and parties are deemed to refer to the Issuer, the Bank, the Loan Agreement and such payments, the Indenture, the Letter of Credit, the Bonds, the Prior Bonds, the Facilities, the Project and such other documents and parties, respectively, relating to each issue of the Bonds.*

### ISSUANCE OF THE BONDS; LOAN OF PROCEEDS

The Issuer issued the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to finance or refinance, as the case may be, a portion of the Company's share of the costs of acquiring and improving the Facilities. The proceeds of the sale of the Bonds have been used to refund the Prior Bonds.

LOAN PAYMENTS; THE FIRST MORTGAGE BONDS

As and for repayment of the loan made to the Company by the Issuer, the Company will pay to the Trustee, for the account of the Issuer, an amount equal to the principal of, premium, if any, and interest on the Bonds when due on the dates, in the amounts and in the manner provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds, whether at maturity, upon redemption, acceleration or otherwise (*"Loan Payments"*); *provided, however,* that the obligation of the Company to make any such Loan Payment will be reduced by the amount of any reduction under the Indenture of the amount of the corresponding payment required to be made by the Issuer thereunder; and *provided further* that the obligation of the Company to make any such payment is deemed to be satisfied and discharged to the extent of the corresponding payment made (a) by the Bank to the Trustee under the Letter of Credit, (b) by the Obligor on an Alternate Credit Facility to the Trustee under such Alternate Credit Facility or (c) by the Company of principal of or premium, if any, or interest on the First Mortgage Bonds.

The Company's obligation to repay the loan made to it by the Issuer is secured by First Mortgage Bonds delivered to the Trustee equal in principal amount to, and bearing interest at the same rate and maturing on the same date as, the Bonds. The payments to be made by the Company pursuant to the Loan Agreement and the First Mortgage Bonds are pledged under the Indenture by the Issuer to the Trustee, and the Company is to make all payments thereunder and thereon directly to the Trustee. See "THE FIRST MORTGAGE BONDS—General" below.

Pursuant to the Loan Agreement, the Company may provide for the release of its First Mortgage Bonds by delivering to the Trustee collateral in substitution for the First Mortgage Bonds (*"Substitute Collateral"*), but only if the Company, on the date of delivery of such Substitute Collateral, simultaneously delivers to the Trustee (a) an opinion of Bond Counsel stating that delivery of such Substitute Collateral and release of the First Mortgage Bonds complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds; (b) written evidence from the Insurer and from the Bank or Obligor on an Alternate Credit Facility, as the case may be, to the effect that they have reviewed the proposed Substitute Collateral and find it to be acceptable; and (c) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the Substitute Collateral and that the release of the First Mortgage Bonds and the substitution of the Substitute Collateral for the First Mortgage Bonds will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's rating or ratings of the Bonds.

PAYMENTS OF PURCHASE PRICE

The Company will pay or cause to be paid to the Trustee amounts equal to the amounts to be paid by the Trustee pursuant to the Indenture for the purchase of outstanding Bonds thereunder (see "THE BONDS-Optional Purchase" and "—Mandatory Purchase"), such amounts to be paid to the Trustee as the purchase price for the Bonds tendered for purchase pursuant to the Indenture, on the dates such payments are to be made; *provided, however,* that the obligation of the Company to make any such payment under the Loan Agreement will be reduced by the amount of any moneys held by the Trustee under the Indenture and available for such payment.

From the date of delivery of the Letter of Credit to and including the Interest Payment Date next preceding the Expiration of the Term of the Letter of Credit (or the Expiration of the Term of an Alternate Credit Facility, as the case may be), the Company will provide for the payment of the amounts to be paid by the Trustee for the purchase of Bonds by providing for the delivery of the Letter of Credit (or an Alternate Credit Facility, as the case may be) to the Trustee. The Trustee has been directed to draw moneys under the Letter of Credit (or an Alternate Credit Facility, as the case may be), in accordance with the provisions of the Indenture and the Letter of Credit (or an Alternate Credit Facility, as the case may be), to obtain the moneys necessary to pay the purchase price of Bonds when due.

OBLIGATION ABSOLUTE

The Company's obligation to make payments under the Loan Agreement and otherwise on the First Mortgage Bonds is absolute, irrevocable and unconditional and is not subject to cancellation, termination or abatement, or to any defense other than payment, or to any right of setoff, counterclaim or recoupment arising out of any breach under the Loan Agreement or the Indenture or otherwise by the Company, the Trustee, the Remarketing Agent, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), or any other party or out of any obligation or liability at any time owing to the Company by any such party.

EXPENSES

The Company is obligated to pay reasonable compensation and to reimburse certain expenses and advances of the Issuer, the Trustee, the Registrar, the Remarketing Agent, the Paying Agent, Moody's and S&P directly to such entity.

TAX COVENANTS; TAX-EXEMPT STATUS OF BONDS

The Company covenants that the Bond proceeds, the earnings thereon and other moneys on deposit with respect to the Bonds will not be used in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

The Company covenants that it has not taken, and will not take, or permit to be taken on its behalf, any action which would adversely affect the Tax-Exempt status of the Bonds and will take, or require to be taken, such action as may, from time to time, be required under applicable law or regulation to continue to cause the Bonds to be Tax-Exempt. See "TAX EXEMPTION."

OTHER COVENANTS OF THE COMPANY

*Maintenance of Existence; Conditions Under Which Exceptions Permitted.* The Company covenants that it will maintain in good standing its corporate existence as a corporation organized under the laws of one of the states of the United States or the District of Columbia and will remain duly qualified to do business in the State of the Issuer, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; *provided, however,* that the Company may, without violating the foregoing,

undertake from time to time any one or more of the following: (a) consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia), or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, *provided* the resulting, surviving or transferee corporation, as the case may be, must be the Company or a corporation qualified to do business in the State of the Issuer as a foreign corporation or incorporated and existing under the laws of the State of the Issuer, which as a result of the transaction has assumed (either by operation of law or in writing) all of the obligations of the Company under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement; or (b) convey all or substantially all of its assets to one or more wholly owned subsidiaries of the Company so long as the Company remains in existence and primarily liable on all of its obligations under the Loan Agreement and such subsidiary or subsidiaries to which such assets are so conveyed guarantees in writing the performance of all of the Company's obligations under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement.

*Assignment.* With the consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Company's interest in the Loan Agreement may be assigned in whole or in part by the Company to another entity, subject, however, to the conditions that no assignment will (a) adversely affect the Tax-Exempt status of the Bonds or (b) relieve (other than as described in *"Maintenance of Existence; Conditions Under Which Exceptions Permitted"* above) the Company from primary liability for its obligations to pay the First Mortgage Bonds or to make the Loan Payments or to make payments to the Trustee with respect to payment of the purchase price of the Bonds or for any other of its obligations under the Loan Agreement; and subject further to the condition that the Company has delivered to the Trustee and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of counsel to the Company that such assignment complies with the provisions described in this paragraph and an opinion of Bond Counsel to the effect that the proposed assignment will not impair the validity of the Bonds under the Utah Act, the Wyoming Act or the Colorado Act, as applicable, or adversely affect the Tax-Exempt status of the Bonds. The Company must, within 30 days after the delivery thereof, furnish to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee a true and complete copy of the agreements or other documents effectuating any such assignment.

*Maintenance and Repair; Taxes, Etc.* The Company will maintain the Project in good repair, keep the same insured in accordance with standard industry practice and pay all costs thereof. The Company will pay or cause to be paid all taxes, special assessments and governmental, utility and other charges with respect to the Project.

The Company may at its own expense cause the Facilities to be remodeled or cause such substitutions, modifications and improvements to be made to the Facilities from time to time as the Company, in its discretion, may deem to be desirable for its uses and purposes, which remodeling, substitutions, modifications and improvements are included under the terms of the Loan Agreement as part of the Facilities; *provided, however,* that the Company may not exercise any such right, power, election or option if the proposed remodeling, substitution, modification or improvement would adversely affect the Tax-Exempt status of the Bonds.

The Company will cause insurance to be taken out and continuously maintained in effect with respect to the Facilities in accordance with standard industry practice.

Anything in the Loan Agreement to the contrary notwithstanding, the Company has the right at any time to cause the operation of the Facilities to be terminated if the Company has determined that the continued operation of the Project or the Facilities is uneconomical for any reason.

LETTER OF CREDIT; ALTERNATE CREDIT FACILITY; SUBSTITUTE LETTER OF CREDIT

The Company may, at any time, at its option:

(a) provide for the delivery on any Business Day to the Trustee of an Alternate Credit Facility or a Substitute Letter of Credit, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states (I) the effective date of the Alternate Credit Facility or Substitute Letter of Credit to be so provided, and (II) the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Expiration shall not be prior to the effective date of the Alternate Credit Facility to be so provided), (B) describes the terms of the Alternate Credit Facility or Substitute Letter of Credit, (C) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (D) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be replaced, to the obligor thereon on the next Business Day after the later of the effective date of the Alternate Credit Facility or the Substitute Letter of Credit to be provided and the Expiration of the Term of the Letter of Credit or Expiration of the Term of the Alternate Credit Facility which is to be replaced and thereupon to deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied);

(ii) on the date of delivery of the Alternate Credit Facility or the Substitute Letter of Credit (which shall be the effective date thereof), the Company shall furnish to the Trustee simultaneously with such delivery of the Alternate Credit Facility or Substitute Letter of Credit (which delivery must occur prior to 9:30 a.m., New York time, on such date, unless a later time on such date shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility or Substitute Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax Exempt status of the Bonds; and

(iii) in the case of the delivery of a Substitute Letter of Credit, the Company has received the written consent of the Bank or the Obligor on an Alternate Credit Facility; or

(b) provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated, (B) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (C) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be terminated, to the obligor thereon on the next Business Day after the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated and to thereupon deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied); and

(ii) on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, which is to be terminated, the Company shall furnish to the Trustee (prior to 9:30 a.m., New York time, on such Business Day, unless a later time on such Business Day shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the termination of such Alternate Credit Facility or Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax Exempt status of the Bonds.

An Alternate Credit Facility may have an expiration date earlier than the maturity of the Bonds. Any Substitute Letter of Credit must be issued by the same Bank that is a party to the Letter of Credit in effect at the time of such substitution and must be identical in all material respects as to terms and conditions to the Letter of Credit being replaced, except that it may contain a later expiration date, provide for an increase or decrease in the interest rate or the number of days of interest coverage or any combination of the foregoing.

EXTENSION OF A LETTER OF CREDIT

The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be, at any time provide for the delivery to the Trustee with respect to any issue of Bonds of an extension of the Letter of Credit or

Alternate Credit Facility then in effect, as the case may be, for any period commencing after its then-current expiration date.

DEFAULTS

Each of the following events constitute an "Event of Default" under the Loan Agreement:

(a) a failure by the Company to make when due any Loan Payment, any payment required to be made to the Trustee for the purchase of Bonds or any payment on the First Mortgage Bonds, which failure has resulted in an "Event of Default" as described herein in paragraph (a), (b) or (c) under "THE INDENTURES—Defaults;"

(b) a failure by the Company to pay when due any amount required to be paid under the Loan Agreement or to observe and perform any other covenant, condition or agreement on the Company's part to be observed or performed under the Loan Agreement (other than a failure described in clause (a) above), which failure continues for a period of 60 days (or such longer period as the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee may agree to in writing) after written notice given to the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) by the Trustee or to the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee by the Issuer; *provided, however,* that if such failure is other than for the payment of money and cannot be corrected within the applicable period, such failure does not constitute an Event of Default so long as the Company institutes corrective action within the applicable period and such action is being diligently pursued; or

(c) certain events of bankruptcy, dissolution, liquidation or reorganization of the Company.

The Loan Agreement provides that, with respect to any Event of Default described in clause (b) above if, by reason of acts of God, strikes, orders of political bodies, certain natural disasters, civil disturbances and certain other events specified in the Loan Agreement, or any cause or event not reasonably within the control of the Company, the Company is unable in whole or in part to carry out one or more of its agreements or obligations contained in the Loan Agreement (other than certain obligations specified in the Loan Agreement, including its obligations to make when due Loan Payments and otherwise on the First Mortgage Bonds, payments to the Trustee for the purchase of Bonds, to pay certain expenses and taxes, to indemnify the Issuer, the Trustee and others against certain liabilities, to discharge liens and to maintain its existence), the Company will not be deemed in default by reason of not carrying out such agreements or performing such obligations during the continuance of such inability.

REMEDIES

Upon the occurrence and continuance of any Event of Default described in (a) or (c) under "Defaults" above, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds have been declared to be immediately due and payable pursuant to any

provision of the Indenture, the Loan Payments will, without further action, become and be immediately due and payable. Any waiver of any Event of Default under the Indenture and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof. See "THE INDENTURES—Defaults." Upon the occurrence and continuance of any Event of Default arising from a "Default" as such term is defined in the Company Mortgage, the Trustee, as holder of the First Mortgage Bonds, will, subject to the provisions of the Indenture, have the rights provided in the Company Mortgage. Any waiver made in accordance with the Indenture of a "Default" under the Company Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof.

Upon the occurrence and continuance of any Event of Default under the Loan Agreement, the Issuer may take any action at law or in equity to collect any payments then due and thereafter to become due, or to seek injunctive relief or specific performance of any obligation, agreement or covenant of the Company under the Loan Agreement and under the First Mortgage Bonds.

Any amounts collected from the Company upon an Event of Default under the Loan Agreement will be applied in accordance with the Indenture.

AMENDMENTS

The Loan Agreement may be amended subject to the limitations contained in the Loan Agreement and in the Indenture. See "THE INDENTURES—Amendment of the Loan Agreements."

## THE INDENTURES

*Each Indenture will operate independently. A default under one Indenture will not necessarily constitute a default under the other Indentures. The Indentures contain substantially identical terms, and the following is a summary of certain provisions common to the Indentures. All references in this summary to the Issuer, the Bank, the Loan Agreement and payments thereunder, the Indenture, the Bonds, the Bond Fund, the Letter of Credit, the Insurance Policy and other documents and parties are to the Issuer, the Bank, the Loan Agreement and such payments, the Indenture, the Bonds, the Bond Fund, the Letter of Credit, the Insurance Policy and such other documents and parties, respectively, relating to each issue of Bonds.*

PLEDGE AND SECURITY

Pursuant to the Indenture, the Loan Payments have been pledged by the Issuer to secure the payment of the principal of, and premium, if any, and interest on, the Bonds. The Issuer has also pledged and assigned to the Trustee all its rights and interests under the Loan Agreement (other than its rights to indemnification and reimbursement of expenses and certain other rights), including the Issuer's right to delivery of the First Mortgage Bonds, and has pledged to the Trustee all moneys and obligations deposited or to be deposited in the Bond Fund established

with the Trustee; *provided* that the Trustee, the applicable Remarketing Agent, the Paying Agent and the Registrar will have a prior claim on the Bond Fund for the payment of their compensation and expenses and for the repayment of any advances (plus interest thereon) made by them to effect performance of certain covenants in the Indenture if the Company has failed to make any payment which results in an Event of Default under the Loan Agreement.

APPLICATION OF PROCEEDS OF THE BOND FUND

The proceeds from the sale of the Bonds, excluding accrued interest, if any, were deposited with the trustee for the Prior Bonds and used to refund the Prior Bonds. See "USE OF PROCEEDS." There is created under the Indenture a Bond Fund to be held by the Trustee and therein established a Principal Account and an Interest Account. Payments made by the Company under the Loan Agreement and otherwise on the First Mortgage Bonds in respect of the principal of, premium, if any, and interest on, the Bonds and certain other amounts specified in the Indenture are to be deposited in the appropriate account in the Bond Fund. While any Bonds are outstanding and except as provided in a Tax Exemption Certificate and Agreement among the Trustee, the Issuer and the Company (the *"Tax Certificate"*), moneys in the Bond Fund will be used solely for the payment of the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable at maturity, upon redemption or upon acceleration of maturity, subject to the prior claim of the Trustee, the Remarketing Agent, the Paying Agent and the Registrar to the extent described above in "Pledge and Security."

INVESTMENT OF FUNDS

Subject to the provisions of the Tax Certificate, moneys in the Bond Fund will, at the direction of the Company, be invested in securities or obligations specified in the Indenture. Gains from such investments will be credited, and any loss will be charged, to the particular fund or account from which the investments were made. During the term of the Letter of Credit (or an Alternate Credit Facility, as the case may be) moneys received under the Letter of Credit (or an Alternate Credit Facility, as the case may be) are to be held uninvested.

DEFAULTS

Each of the following events will constitute an "Event of Default" under the Indenture:

(a) a failure to pay the principal of, or premium, if any, on any of the Bonds when the same becomes due and payable at maturity, upon redemption or otherwise, subject to certain exceptions for Pledged Bonds and Bonds held for the benefit of an Obligor on an Alternate Credit Facility;

(b) a failure to pay an installment of interest on any of the Bonds for a period of one day after such interest has become due and payable subject to certain exceptions for Pledged Bonds and Bonds held for the benefit of an Obligor on an Alternate Credit Facility;

(c) a failure to pay amounts due in respect of the purchase price of Bonds delivered to the Trustee for purchase after such payment has become due and payable as provided under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase;"

(d) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision contained in the Bonds or the Indenture (other than a failure described in clause (a), (b) or (c) above), which failure continues for a period of 90 days after written notice has been given to the Issuer and the Company by the Trustee, which notice may be given at the discretion of the Trustee and must be given at the written request of the Owners of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended prior to its expiration by the Trustee, or by the Trustee and the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be; *provided, however,* that the Trustee, or the Trustee and the Owners of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Issuer, or the Company on behalf of the Issuer, within such period and is being diligently pursued;

(e) an "Event of Default" under the Loan Agreement;

(f) a "Default" under the Company Mortgage; or

(g) the Trustee's receipt of written notice from the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of an event of default under and as defined in the Reimbursement Agreement.

REMEDIES

Upon the occurrence (without waiver or cure) of an Event of Default described in clause (a), (b), (c), (f) or (g) under "Defaults" above or an Event of Default described in clause (e) under "Defaults" above resulting from an "Event of Default" under the Loan Agreement as described under clause (a) or (c) of "THE LOAN AGREEMENTS—Defaults" herein, and further upon the conditions that, if (i) in accordance with the terms of the Company Mortgage, the First Mortgage Bonds have become immediately due and payable pursuant to any provision of the Company Mortgage and (ii) there has been filed with the Trustee a written direction of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default has occurred and is continuing), then the Bonds will, without further action, become immediately due and payable and, during the period the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, with accrued interest on the Bonds payable on the Bond Payment Date fixed as described in the Indenture and the Trustee will as promptly as practicable draw moneys under the Letter of Credit or an Alternate Credit Facility, as the case may be, to the extent available thereunder, in an amount sufficient to pay principal of and accrued interest on the Bonds payable on the Bond Payment date established as described in the Indenture; *provided* that any waiver of any "Default" under the Company Mortgage and a rescission and annulment of its consequences

will constitute a waiver of the corresponding Event or Events of Default under the Indenture and rescission and annulment of the consequences thereof.

The provisions described in the preceding paragraph are subject to the condition that if, so long as no Letter of Credit or Alternate Credit Facility is outstanding, after the principal of the Bonds have been so declared to be due and payable and before any judgment or decree for the payment of the moneys due have been obtained or entered as hereinafter provided, the Issuer will cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and such amount as are sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture (other than nonpayment of the principal of Bonds which has become due by said declaration) has been remedied, then, in every such case, such Event of Default is deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer and the Company and will give notice thereof to Owners of the Bonds by first-class mail; *provided, however,* that no such waiver, rescission and annulment will extend to or affect any other Event of Default or subsequent Event of Default or impair any right, power or remedy consequent thereon.

The provisions described in the second preceding paragraph are, further, subject to the condition that, if an Event of Default described in clause (g) under "Defaults" above has occurred and if the Trustee thereafter has received written notice from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (a) that the notice which caused such Event of Default to occur has been withdrawn and (b) that the amounts available to be drawn on the Letter of Credit (or the Alternate Credit Facility, as the case may be) to pay (i) the principal of the Bonds or the portion of purchase price equal to principal and (ii) interest on the Bonds and the portion of purchase price equal to accrued interest have been reinstated to an amount equal to the principal amount of the Bonds Outstanding plus accrued interest thereon for the applicable Interest Coverage Period at the Interest Coverage Rate, then, in every such case, such Event of Default is deemed waived and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer, the Company, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Remarketing Agent, and, if notice of the acceleration of the Bonds has been given to the Owners of Bonds, will give notice thereof by Mail to all Owners of Outstanding Bonds; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Upon the occurrence and continuance of any Event of Default under the Indenture, the Trustee may, with the consent of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its policy is in effect and no Insurer Default has occurred and is continuing), and upon the written direction of the Owners of not less than 25% in principal amount of the Bonds outstanding and receipt of indemnity to its satisfaction (except against gross negligence or willful misconduct) must, pursue any available remedy to enforce the rights of the Owners of the Bonds and require the Company, the Issuer,

the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) to carry out any agreements, bring suit upon the Bonds or enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds. So long as an Insurer Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Insurer is entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture. So long as a Bank Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Bank is entitled to control and direct the enforcement of all rights and remedies granted to the owners or the Trustee for the benefit of Owners under the Indenture. The Trustee is not required to take any action in respect of an Event of Default (other than, in certain circumstances, to declare the Bonds to be immediately due and payable, to notify the Insurer of payments to be made pursuant to the Insurance Policy, to make certain payments with respect to the Bonds and to draw on the Letter of Credit (or Alternate Credit Facility, as the case may be)) or to enforce the trusts created by the Indenture except upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it.

The Owners of a majority in principal amount of Bonds then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture or exercising any trust or power conferred on the Trustee upon furnishing satisfactory indemnity to the Trustee (except against gross negligence or willful misconduct) and provided that such direction does not result in any personal liability of the Trustee.

No Owner of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power of the Trustee unless such Owner has previously given the Trustee written notice of an Event of Default and unless the Owners of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity (except against gross negligence or willful misconduct) has been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Indenture, the right of any Owner to receive payment of the principal of, premium, if any, and interest on the Owner's Bond on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Owner of Bonds.

DEFEASANCE

All or any portions of Bonds (in Authorized Denominations) will, prior to the maturity or redemption date thereof, be deemed to have been paid for all purposes of the Indenture when:

(a) in the event said Bonds or portions thereof have been selected for redemption, the Trustee has given, or the Company has given to the Trustee in form

satisfactory to it irrevocable instructions to give, notice of redemption of such Bonds or portions thereof;

(b) there has been deposited with the Trustee moneys which constitute Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility;

(c) the moneys so deposited with the Trustee are in an amount sufficient (without relying on any investment income) to pay when due the principal of, premium, if any, and interest due and to become due (which amount of interest to become due is calculated at the Maximum Interest Rate unless the interest rate borne by all of such Bonds is not subject to adjustment prior to the maturity or redemption thereof, in which case the amount of interest is calculated at the rate borne by such Bonds) on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; *provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys;

(d) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding 60 days, the Issuer at the direction of the Company has given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to the Indenture, a notice to the Owners of said Bonds or portions thereof and to the Insurer that the deposit required by clause (b) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds or portions thereof;

(e) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of an independent public accountant of nationally recognized standing, selected by the Company (an *"Accountant's Opinion"*), to the effect that the requirements set forth in clause (c) above have been satisfied;

(f) the Issuer, the Company, the Trustee and the Insurer shall have received written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, that such action will not result in a reduction, suspension or withdrawal of the rating; and

(g) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of Bond Counsel to the effect that such deposit will not adversely affect the Tax-Exempt status of the Bonds (*"Bond Counsel's Opinion"*).

Moneys deposited with the Trustee as described above may not be withdrawn or used for any purpose other than, and are held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds or portions thereof, or for the payment of the purchase price of

Bonds in accordance with the Indenture; *provided* that such moneys, if not then needed for such purpose, will, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the earlier of (a) the date moneys may be required for the purchase of Bonds or (b) the Interest Payment Date next succeeding the date of investment or reinvestment, and interest earned from such investments are paid over to the Company, as received by the Trustee, free and clear of any trust, lien or pledge.

The provisions of the Indenture relating to (a) the registration and exchange of Bonds, (b) the delivery of Bonds to the Trustee for purchase and the related obligations of the Trustee with respect thereto, (c) the mandatory purchase of the Bonds in connection with the Expiration of the Term of the Letter of Credit or the Expiration of the Term for Alternate Credit Facility, as the case may be, and (d) payment of the Bonds from such moneys, will remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid; *provided, however,* that the provisions with respect to registration and exchange of Bonds will continue to be effective until the maturity or the last date fixed for redemption of all Bonds.

In the event the requirements of the next to the last sentence of the next succeeding paragraph can be satisfied, the preceding three paragraphs will not apply and the following two paragraphs will be applicable.

Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or acceleration or upon redemption as provided in the Indenture) either (i) has been made or caused to be made in accordance with the terms thereof or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys, which are Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, sufficient to make such payment and/or (B) Government Obligations purchased with Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys to make such payment; *provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys or from Government Obligations purchased with Available Moneys; (b) all necessary and proper fees, compensation and expenses of the Issuer, the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee; and (c) an Accountant's Opinion, to the effect that such moneys and/or Government Obligations will insure, without reinvestment, the availability of sufficient moneys to make such payment, a Bankruptcy Counsel's Opinion to the effect that the payment of the Bonds from the moneys and/or Government Obligations so deposited will not result in a voidable preference under Section 547 of the United States Bankruptcy Code in the event that either the Issuer of the Company were to become a debtor under the United States Bankruptcy Code and a Bond Counsel's Opinion has been delivered to the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P. The provisions

of this paragraph apply only if (x) the Bond with respect to which such deposit is made is to mature or be called for redemption prior to the next succeeding date on which such Bond is subject to purchase as described herein under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase" and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds has been previously given in accordance with the Indenture, or in the event said Bonds are not to be redeemed within the next succeeding 60 days, until the Company has given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with the Indenture, that the deposit required by clause (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

REMOVAL OF TRUSTEE

With the prior written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be (which consent, if unreasonably withheld, will not be required), the Trustee may be removed at any time by filing with the Trustee so removed, and with the Issuer, the Company, the Insurer, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), an instrument or instruments in writing executed by (a) the Insurer, if no Insurer Default has occurred and is continuing, or (b) the Owners of not less than a majority in principal amount of the Bonds then outstanding and, if no Insurer Default has occurred and is continuing, the Insurer. The Trustee may also be removed by the Issuer under certain circumstances.

MODIFICATIONS AND AMENDMENTS

The Indenture may be modified or amended by the Issuer and the Trustee by supplemental indentures without the consent of the Owners of the Bonds, but with the consent of the Bank in certain circumstances, for any of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture; (b) to add to the covenants and agreements of the Issuer contained in the Indenture or of the Company, the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the Company which does not materially adversely affect the interests of Owners of the Bonds; (c) to confirm, as further assurance, any pledge of or lien on any property subjected or to be subjected to the lien of the Indenture; (d) to comply with the requirements of the Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however,* that any such modification,

alteration, amendment or supplement will not take effect until the Insurer (unless an Insurer Default has occurred and is continuing) and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, has consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (f) to implement a conversion of the interest rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under the Indenture of an Alternate Credit Facility or a Substitute Letter of Credit; (g) to provide for a depository to accept tendered Bonds in lieu of the Trustee; (h) to modify or eliminate the book-entry registration system for any of the Bonds; (i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds; (j) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category (as defined in the Indenture) and also in either of the two highest long-term debt Rating Categories; (k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies; (1) to provide for any Substitute Collateral and the release of any First Mortgage Bonds; (m) to provide for the appointment of a successor Trustee, Registrar or Paying Agent; (n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds; (p) to modify, alter, amend or supplement the Indenture in any other respect (which in the judgment of the Trustee is not materially adverse to the Owners), if the effective date of such supplemental indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (q) to provide for the delivery to the Trustee of an Insurance policy or replacement of the Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of the Insurer provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer and the Trustee enter into any supplemental indenture as described above, there must be delivered to the Trustee, the Company, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms, and will not impair the validity under the Utah Act, the Wyoming Act or the Colorado Act, as applicable, of the Bonds or adversely affect the Tax-Exempt status of the Bonds.

The Trustee will provide written notice of any Supplemental Indenture to the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), Moody's, S&P and the Owners of all Bonds then outstanding at least 30 days prior to the effective date of such Supplemental Indenture. Such notice must state the effective date of such Supplemental

Indenture, briefly describe the nature of such Supplemental Indenture and state that a copy thereof is on file at the principal office of the Trustee for inspection by the parties mentioned in the preceding sentence.

Except for supplemental indentures entered into for the purposes described above, the Indenture will not be modified, altered, amended supplemented or rescinded without the consent of the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default has occurred and is continuing), together with the Owners of not less than 60% in aggregate principal amount of Bonds outstanding, who have the right to consent to and approve any supplemental indenture; *provided* that, unless approved in writing by the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) or the Insurer (unless an Insurer Default has occurred and is continuing), and the Owners of all the Bonds then affected thereby, there **will not** be permitted (a) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on any Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price thereof or the rate of interest thereon, (b) the creation of a claim or lien on or a pledge of the Revenues ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (c) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required to approve any such supplemental indenture or which is required to approve any amendment to the Loan Agreement. No such amendment of the Indenture will be effective without the prior written consent of the Company.

AMENDMENT OF THE LOAN AGREEMENTS

Without the consent of or notice to the Owners of the Bonds, the Issuer may, with the consent of the Insurer (unless an Insurer Default has occurred and is continuing), modify, alter, amend or supplement the Loan Agreement, and the Trustee may consent thereto, as may be required (a) by the provisions of the Loan Agreement and the Indenture; (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein; (c) in connection with any other change therein which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however*, that any such modification, alteration, amendment or supplement will not take effect until the Insurer (unless an Insurer Default has occurred and is continuing) and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (d) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories; (e) in connection with the delivery and substitution of any Substitute Collateral and the release of any First Mortgage Bonds; (f) to add to the covenants and agreements of the Issuer contained in the Loan Agreement or of the Company or of the Insurer or of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the

Company, which does not materially adversely affect the interest of the Owners of the Bonds; (g) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies, (h) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (i) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds; (j) to modify, alter, amend or supplement the Loan Agreement in any other respect (which in the judgment of the Trustee is not materially adverse to the Owners), including amendments which would otherwise be described herein, if the effective date of such supplement or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (k) to provide for the replacement of the Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of the Insurer provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, (a) the Trustee will cause notice of such proposed modification, alteration, amendment or supplement to be provided to the Bank, the Insurer, Moody's and S&P, stating that a copy thereof is on file at the office of the Trustee for inspection by the Insurer, Moody's and S&P and (b) there must be delivered to the Bank, the Issuer, the Insurer and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

The Issuer will not enter into and the Trustee will not consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer (unless an Insurer Default has occurred and is continuing) and the Owners of not less than 60% in aggregate principal amount of the Bonds at the time outstanding; *provided, however,* that, unless approved in writing by the Owners of all Bonds affected thereby, nothing in the Indenture may permit, or be construed as permitting, a change in the obligations of the Company to make Loan Payments or payments to the Trustee for the purchase of Bonds or the nature of the obligations of the Company on the First Mortgage Bonds. No amendment of the Loan Agreement will become effective without the prior written consent of the Insurer (unless an Insurer Default has occurred and is continuing) and the Company and under certain circumstances, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, there must be delivered to the Issuer, the Bank (or the Obligor on an Alternate Credit

Facility, as the case may be), the Insurer and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

## THE FIRST MORTGAGE BONDS

*Pursuant to the provisions of the Indentures and six separate Pledge Agreements each dated as of November 1, 1994 between the Company and the Trustee (individually, a "Pledge Agreement" and, collectively, the "Pledge Agreements"), the First Mortgage Bonds were issued by the Company to secure its obligations under the Loan Agreement relating to each of the six Issues of Bonds. The following summary of certain provisions of the First Mortgage Bonds and the Company Mortgage referred to below does not purport to be complete and is qualified in its entirety by reference thereto and includes capitalized terms defined in such Mortgages. All references in this summary to the Trustee, the Bonds, the Indenture, the Loan Agreement and the Pledge Agreement are deemed to refer to the Trustee, the Bonds, the Indenture, the Loan Agreement, the Pledge Agreement and such other documents and parties, respectively, relating to each issue of the Bonds.*

### GENERAL

The First Mortgage Bonds are in the same principal amount and mature on the same dates as the Bonds. In addition, the First Mortgage Bonds are subject to redemption prior to maturity upon the same terms as the Bonds, so that upon any redemption of the Bonds, an equal aggregate principal amount of First Mortgage Bonds will be redeemed. The First Mortgage Bonds bear interest at the same rate, and be payable at the same times, as the Bonds. See "THE LOAN AGREEMENTS—Loan Payments; The First Mortgage Bonds" above.

The Company Mortgage provides that in the event of the merger or consolidation of another electric utility company with or into the Company or the conveyance or transfer to the Company by another such company of all or substantially all of such company's property that is of the same character as Property Additions under the Company Mortgage, an existing mortgage constituting a first lien on operating properties of such other company may be designated by the Company as a Class "A" Mortgage. Any bonds thereafter issued pursuant to such additional mortgage would be Class "A" Bonds and could provide the basis for the issuance of Company Mortgage Bonds (as defined below) under the Company Mortgage.

The Company will receive a credit against its obligations to make any payment of principal of or premium, if any, or interest on the First Mortgage Bonds and such obligations will be deemed fully or partially, as the case may be, satisfied and discharged, in an amount equal to the amount, if any, paid by the Company under the Loan Agreement, or otherwise satisfied or discharged, in respect of the principal of or premium, if any, or interest on the Company

Mortgage Bonds. The obligations of the Company to make such payments with respect to the First Mortgage Bonds will be deemed to have been reduced by the amount of such credit.

Pursuant to the provisions of the Indenture, the Loan Agreement and the Pledge Agreement, the First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the Owners and will not be transferable except to a successor trustee under the Indenture. At the time any Bonds cease to be outstanding under the Indenture, the Trustee will surrender to the Company Mortgage Trustee an equal aggregate principal amount of First Mortgage Bonds.

SECURITY AND PRIORITY

The First Mortgage Bonds and any other first mortgage bonds now or hereafter outstanding under the Company Mortgage (*"Company Mortgage Bonds"*) are or will be, as the case may be, secured by a first mortgage Lien on certain utility property owned from time to time by the Company and by Class "A" Bonds, if any, held by the Company Mortgage Trustee, if any. All Company Mortgage Bonds, including the First Mortgage Bonds, issued and outstanding under the Company Mortgage are equally and ratably secured.

The Lien of the Company Mortgage is subject to Excepted Encumbrances, including tax and construction liens, purchase money liens and certain other exceptions.

There are excepted from the Lien of the Company Mortgage all cash and securities (except those specifically deposited); equipment, materials or supplies held for sale or other disposition; any fuel and similar consumable materials and supplies; automobiles, other vehicles, aircraft and vessels; timber, minerals, mineral rights and royalties; receivables, contracts, leases and operating agreements; electric energy, gas, water, steam, ice and other products for sale, distribution or other use; natural gas wells; gas transportation lines or other property used in the sale of natural gas to customers or to a natural gas distribution or pipeline company, up to the point of connection with any distribution system; the Company's interest in the Wyodak Facility; and all properties that have been released from the discharged Mortgages and Deeds of Trust, as supplemented, of Pacific Power & Light Company and Utah Power & Light Company and that PacifiCorp, a Maine corporation, or Utah Power & Light Company, a Utah corporation, contracted to dispose of, but title to which had not passed at the date of the Company Mortgage. The Company has reserved the right, without any consent or other action by holders of Bonds of the Eighth Series or any subsequently created series of Company Mortgage Bonds (including the First Mortgage Bonds), to amend the Company Mortgage in order to except from the Lien of the Company Mortgage allowances allocated to steam-electric generating plants owned by the Company, or in which the Company has interests, pursuant to Title IV of the Clean Air Act Amendments of 1990, as now in effect or as hereafter supplemented or amended.

The Company Mortgage contains provisions subjecting after-acquired property to the Lien thereof. These provisions may be limited, at the option of the Company, in the case of consolidation or merger (whether or not the Company is the surviving corporation), conveyance or transfer of all or substantially all of the utility property of another electric utility company to the Company or sale of substantially all of the Company's assets. In addition, after-acquired

property may be subject to a Class "A" Mortgage, purchase money mortgages and other liens or defects in title.

The Company Mortgage provides that the Company Mortgage Trustee shall have a lien upon the mortgaged property, prior to the holders of Company Mortgage Bonds, for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities.

RELEASE AND SUBSTITUTION OF PROPERTY

Property subject to the Lien of the Company Mortgage may be released upon the basis of:

(1) the release of such property from the Lien of a Class "A" Mortgage;

(2) the deposit of cash or, to a limited extent, purchase money mortgages;

(3) Property Additions, after making adjustments for certain prior lien bonds outstanding against Property Additions; and/or

(4) waiver of the right to issue Company Mortgage Bonds.

Cash may be withdrawn upon the bases stated in (1), (3) and (4) above. Property that does not constitute Funded Property may be released without funding other property. Similar provisions are in effect as to cash proceeds of such property. The Company Mortgage contains special provisions with respect to certain prior lien bonds deposited and disposition of moneys received on deposited prior lien bonds.

ISSUANCE OF ADDITIONAL COMPANY MORTGAGE BONDS

The maximum principal amount of Company Mortgage Bonds that may be issued under the Company Mortgage is not limited. Company Mortgage Bonds of any series may be issued from time to time on the basis of:

(1) 70% of qualified Property Additions after adjustments to offset retirements;

(2) Class "A" Bonds (which need not bear interest) delivered to the Company Mortgage Trustee;

(3) retirement of Company Mortgage Bonds or certain prior lien bonds; and/or

(4) deposits of cash.

With certain exceptions in the case of clauses (2) and (3) above, the issuance of Company Mortgage Bonds is subject to Adjusted Net Earnings of the Company for 12 consecutive months out of the preceding 15 months, before income taxes, being at least twice the Annual Interest Requirements on all Company Mortgage Bonds at the time outstanding, including the additional

Company Mortgage Bonds that are to be issued, all outstanding Class "A" Bonds held other than by the Company Mortgage Trustee or by the Company, and all other indebtedness secured by a lien prior to the Lien of the Company Mortgage. In general, interest on variable interest bonds, if any, is calculated using the rate then in effect.

Property Additions generally include electric, gas, steam and/or hot water utility property but not fuel, securities, automobiles, other vehicles or aircraft, or property used principally for the production or gathering of natural gas.

The issuance of Company Mortgage Bonds on the basis of Property Additions subject to prior liens is restricted. Company Mortgage Bonds may, however, be issued against the deposit of Class "A" Bonds.

CERTAIN COVENANTS

The Company Mortgage contains a number of covenants by the Company for the benefit of holders of the Company Mortgage Bonds, including provisions requiring the Company to maintain the Company Mortgaged and Pledged Property as an operating system or systems capable of engaging in all or any of the generating, transmission, distribution or other utility businesses described in the Company Mortgage.

DIVIDEND RESTRICTIONS

The Company Mortgage provides that the Company may not declare or pay dividends (other than dividends payable solely in shares of common stock) on any shares of common stock if, after giving effect to such declaration or payment, the Company would not be able to pay its debts as they become due in the usual course of business. Reference is made to the notes to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K incorporated by reference herein for information relating to other restrictions.

FOREIGN CURRENCY DENOMINATED COMPANY MORTGAGE BONDS

The Company Mortgage authorizes the issuance of Company Mortgage Bonds denominated in foreign currencies, *provided, however,* that the Company deposit with the Company Mortgage Trustee a currency exchange agreement with an entity having, at the time of such deposit, a financial rating at least as high as that of the Company that, in the opinion of an independent expert, gives the Company at least as much protection against currency exchange fluctuation as is usually obtained by similarly situated borrowers. The Company believes that such a currency exchange agreement will provide effective protection against currency exchange fluctuations. However, if the other party to the exchange agreement defaults and the foreign currency is valued higher at the date of maturity than at the date of issuance of the relevant Company Mortgage Bonds, holders of such Company Mortgage Bonds would have a claim on the assets of the Company which is greater than that to which holders of dollar-denominated Company Mortgage Bonds issued at the same time would be entitled.

THE COMPANY MORTGAGE TRUSTEE

Affiliates of The Bank of New York Mellon Trust Company, N.A., may act as lenders and as administrative agents under loan agreements with the Company and affiliates of the Company. The Bank of New York Mellon Trust Company, N.A., serves as trustee under indentures and other agreements involving the Company and its affiliates. The Bank of New York Mellon Trust Company, N.A., is the Company Mortgage Trustee.

MODIFICATION

The rights of holders of the Company Mortgage Bonds may be modified with the consent of holders of 60% of the Company Mortgage Bonds, or, if less than all series of Company Mortgage Bonds are adversely affected, the consent of the holders of 60% of the series of Company Mortgage Bonds adversely affected. In general, no modification of the terms of payment of principal, premium, if any, or interest and no modification affecting the Lien or reducing the percentage required for modification is effective against any holder of the Company Mortgage Bonds without the consent of such holder.

Unless there is a Default under the Company Mortgage, the Company Mortgage Trustee generally is required to vote Class "A" Bonds held by it, if any, with respect to any amendment of the applicable Class "A" Company Mortgage proportionately with the vote of the holders of all Class "A" Bonds then actually voting.

DEFAULTS AND NOTICES THEREOF

Each of the following will constitute a "Default" under the Company Mortgage with respect to the First Mortgage Bonds:

(1) default in payment of principal;

(2) default for 60 days in payment of interest or an installment of any fund required to be applied to the purchase or redemption of any Company Mortgage Bonds;

(3) default in payment of principal or interest with respect to certain prior lien bonds;

(4) certain events in bankruptcy, insolvency or reorganization;

(5) default in other covenants for 90 days after notice;

(6) the existence of any default under a Class "A" Company Mortgage which permits the declaration of the principal of all of the bonds secured by such Class "A" Company Mortgage and the interest accrued thereupon due and payable; or

(7) an "Event of Default" as described in clauses (a), (b) or (c) under the caption "THE INDENTURES—Defaults" above.

An effective default under any Class "A" Mortgage or under the Company Mortgage will result in an effective default under all such mortgages. The Company Mortgage Trustee may withhold notice of default (except in payment of principal, interest or funds for retirement of Company Mortgage Bonds) if it determines that it is not detrimental to the interests of the holders of the Company Mortgage Bonds.

The Company Mortgage Trustee or the holders of 25% of the Company Mortgage Bonds may declare the principal and interest due and payable on Default, but a majority may annul such declaration if such Default has been cured. No holder of Company Mortgage Bonds may enforce the Lien of the Company Mortgage without giving the Company Mortgage Trustee written notice of a Default and unless the holders of 25% of the Company Mortgage Bonds have requested the Company Mortgage Trustee to act and offered it reasonable opportunity to act and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred thereby and the Company Mortgage Trustee shall have failed to act. The holders of a majority of the Company Mortgage Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Company Mortgage Trustee or exercising any trust or power conferred on the Company Mortgage Trustee. The Company Mortgage Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that repayment is not reasonably assured.

The Company must give the Company Mortgage Trustee an annual statement as to whether or not the Company has fulfilled its obligations under the Company Mortgage throughout the preceding calendar year.

VOTING OF THE FIRST MORTGAGE BONDS

So long as no Event of Default under the Indenture has occurred and is continuing, the Trustee, as holder of the First Mortgage Bonds, shall vote or consent proportionately with what officials of or inspectors of votes at any meeting of bondholders under the Company Mortgage, or the Company Mortgage Trustee in the case of consents without such a meeting, reasonably believe will be the vote or consent of the holders of all other outstanding Company Mortgage Bonds; *provided, however*, that the Trustee shall not vote in favor of, or consent to, any modification of the Company Mortgage which, if it were a modification of the Indenture, would require approval of the Owners of Bonds.

DEFEASANCE

Under the terms of the Company Mortgage, the Company will be discharged from any and all obligations under the Company Mortgage in respect of the Company Mortgage Bonds of any series if the Company deposits with the Company Mortgage Trustee, in trust, moneys or Government Obligations, in an amount sufficient to pay all the principal of, premium (if any) and interest on, the Company Mortgage Bonds of such series or portions thereof, on the redemption date or maturity date thereof, as the case may be. The Company Mortgage Trustee need not accept such deposit unless it is accompanied by an Opinion of Counsel to the effect that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Company Mortgage, there has been a change in applicable

federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of such Company Mortgage Bonds or the right of payment of interest thereon (as the case may be) will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, and/or ensuing discharge and will be subject to federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, and/or discharge had not occurred.

Upon such deposit, the obligation of the Company to pay the principal of (and premium, if any) and interest on such series of Company Mortgage Bonds shall cease, terminate and be completely discharged.

In the event of any such defeasance and discharge of Company Mortgage Bonds of such series, holders of Company Mortgage Bonds of such series would be able to look only to such trust fund for payment of principal of (and premium, if any) and interest, if any, on the Company Mortgage Bonds of such series.

## LITIGATION

There is no pending or, to the knowledge of each Issuer, threatened litigation against such Issuer that in any way questions or materially affects the Bonds of such Issuer, the validity or enforceability of the Loan Agreements or the Indentures to which such Issuer is a party or any proceedings or transaction relating to the reoffering of the Bonds.

## REMARKETING

The Remarketing Agents have agreed with the Company, subject to the terms and provisions of separate Remarketing Agreements, dated November 18, 2008, between the Company and the Remarketing Agents, that the Remarketing Agents will use their best efforts, as remarketing agent, to solicit purchases from potential investors of the Bonds. Pursuant to such Remarketing Agreements, the Company has agreed to indemnify the Remarketing Agents against certain liabilities and expenses, including liabilities arising under federal and state securities laws, and to pay for certain expenses in connection with the reoffering of the Bonds.

In the ordinary course of business, the Remarketing Agents have provided investment banking services or bank financing to the Company, its subsidiaries or affiliates in the past for which they have received customary compensation and expense reimbursement, and may do so again in the future.

## CERTAIN RELATIONSHIPS

Wells Fargo Brokerage Services, LLC (*"WFBS"*) is a registered broker/dealer and a member of the FINRA and SIPC. WFBS is a brokerage affiliate of Wells Fargo & Company. WFBS is solely responsible for its contractual obligations and commitments. Nondeposit investment products offered by WFBS are not FDIC insured, are subject to investment risk, including loss of principal, and are not guaranteed by a bank unless otherwise specified.

In addition to providing the Letters of Credit for the herein described Bonds, from time to time, Wells Fargo Bank, N. A. and other banks and companies affiliated with WFBS may lend money to an issuer of securities or debt that are underwritten or dealt in by WFBS. Within the prospectus or other documentation provided with each such underwriting or placement there will be a disclosure of any material lending relationship by an affiliate of WFBS with such an issuer and whether the proceeds of such an issuance of such debt securities will be used by the issuer to repay any outstanding indebtedness of any WFBS affiliate.

From time to time, WFBS may participate in a primary of secondary distribution of securities bought or sold by a purchase of bonds. WFBS and its affiliates may also act as an investment advisor to issuers whose securities may be sold to a purchaser of those bonds.

## TAX EXEMPTION

### CARBON BONDS AND EMERY BONDS

In connection with the original issuance and delivery of each of the Carbon Bonds and the Emery Bonds, Chapman and Cutler, as Bond Counsel to the Company, rendered an opinion with respect to each issue that subject to compliance by the Company and the applicable Issuer with certain covenants referenced in the opinion, under then existing law, interest on the Carbon Bonds and on the Emery Bonds, as applicable, would not be includible in the gross income of the Owners thereof for federal income tax purposes, except for interest on any Carbon Bond or Emery Bond, as applicable, for any period during which such Bond is owned by a person who is a substantial user of the related Project or Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code) and such interest is not treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Bond Counsel also rendered an opinion that, under then existing statutes and laws of Utah, interest on the Carbon Bonds and on the Emery Bonds, is exempt from taxes imposed by the Utah Individual Income Tax Act.

*A copy of each of the opinion letters provided by Bond Counsel in connection with the original issuance and delivery of the Carbon Bonds and the Emery Bonds is set forth in Appendix C-1 and C-2, respectively, but inclusion of such copies of the opinion letters is not to be construed as a reaffirmation of the opinions contained therein. The opinion letters speak only as of their dates.*

Chapman and Cutler LLP will deliver separate opinions in connection with execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement for each of the Carbon Bonds and the Emery Bonds in each case to the effect that (a) each of such First Supplemental Indentures (i) is authorized or permitted by the Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon the respective Issuer in accordance with its terms and (iii)

will not adversely affect the Tax-Exempt status of the Carbon Bonds or the Emery Bonds, as applicable and (b) each of such First Supplemental Loan Agreements (i) is authorized or permitted by the Original Loan Agreement or Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) will be valid and binding upon the respective Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Carbon Bonds or the Emery Bonds, as applicable. Except as necessary to render the foregoing opinions, Chapman and Cutler has not reviewed any factual or legal maters relating to the prior opinion of Bond Counsel or the Carbon Bonds or the Emery Bonds subsequent to their date of issuance. The proposed form of such opinions are set forth in Appendix D-1 and Appendix D-3.

CONVERSE BONDS, LINCOLN BONDS AND SWEETWATER BONDS

In connection with the original issuance and delivery of each of the Converse Bonds, the Lincoln Bonds and the Sweetwater Bonds, Chapman and Cutler, as Bond Counsel to the Company, rendered an opinion with respect to each issue that subject to compliance by the Company and the Issuer with certain covenants referenced in the opinion, under then existing law, interest on the Converse Bonds, on the Lincoln Bonds and on the Sweetwater Bonds, as applicable, would not be includible in the gross income of the Owners thereof for federal income tax purposes, except for interest on any Converse Bond, Lincoln Bond or Sweetwater Bond, as applicable, for any period during which such Bond is owned by a person who is a substantial user of the related Project or Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code) and such interest is not treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Bond Counsel also rendered an opinion that, under then existing statutes and laws of Wyoming, Wyoming imposed no income taxes that would be applicable to interest on the Converse Bonds, on the Lincoln Bonds or on the Emery Bonds, as applicable.

*A copy of each of the opinion letters provided by Bond Counsel in connection with the original issuance and delivery of the Converse Bonds, the Lincoln Bonds and the Sweetwater Bonds is set forth in Appendix C-3, C-4 and C-5, respectively, but inclusion of such copies of the opinion letters is not to be construed as a reaffirmation of the opinions contained therein. The opinion letters speak only as of their dates.*

Chapman and Cutler LLP will deliver separate opinions in connection with execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement for each of the Converse Bonds, the Lincoln Bonds and the Sweetwater Bonds in each case to the effect that (a) each of such First Supplemental Indentures (i) is authorized or permitted by the Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon the respective Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Converse Bonds, the Lincoln Bonds or the Sweetwater Bonds, as applicable and (b) each of such First Supplemental Loan Agreements (i) is authorized or permitted by the Original Loan Agreement or Trust Indenture relating thereto and the Act and complies with their respective

terms, (ii) will be valid and binding upon the respective Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Converse Bonds, the Lincoln Bonds or the Sweetwater Bonds, as applicable. Except as necessary to render the foregoing opinions, Chapman and Cutler has not reviewed any factual or legal maters relating to the prior opinion of Bond Counsel or the Converse Bonds, the Lincoln Bonds or the Sweetwater Bonds subsequent to their date of issuance. The proposed form of such opinions are set forth in Appendix D-2, Appendix D-4 and Appendix D-6.

MOFFAT BONDS

In connection with the original issuance and delivery of the Moffat Bonds, Chapman and Cutler, as Bond Counsel to the Company, rendered an opinion that subject to compliance by the Company and the Issuer with certain covenants referenced in the opinion, under then existing law, interest on the Moffat Bonds would not be includible in the gross income of the Owners thereof for federal income tax purposes, except for interest on any Moffat Bond for any period during which such Bond is owned by a person who is a substantial user of the related Project or Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code) and such interest is not treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Bond Counsel also rendered an opinion that, under then existing statutes and laws of Colorado, so long as interest on the Moffat Bonds is not included in gross income for federal income tax purposes, interest on the Moffat Bonds is not included in Colorado taxable income for purposes of the income tax imposed by Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, upon individuals, corporations, and estates and trusts.

*A copy of the opinion letter provided by Bond Counsel in connection with the original issuance and delivery of the Moffat Bonds is set forth in Appendix C-6, but inclusion of such copy of the opinion letter is not to be construed as a reaffirmation of the opinions contained therein. The opinion letter speak only as of its date.*

Chapman and Cutler LLP will deliver an opinion in connection with execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement relating to the Moffat Bonds to the effect that (a) such First Supplemental Indenture (i) is authorized or permitted by the Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon Moffat County in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Moffat Bonds and (b) such First Supplemental Loan Agreement (i) is authorized or permitted by the Original Loan Agreement or Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) will be valid and binding upon Moffat County in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Moffat Bonds. Except as necessary to render the foregoing opinion, Chapman and Cutler has not reviewed any factual or legal maters relating to the prior opinion of Bond Counsel or the

Moffat Bonds subsequent to their date of issuance. The proposed form of such opinion is set forth in Appendix D-5.

## CERTAIN LEGAL MATTERS

Certain legal matters in connection with the remarketing will be passed upon by Chapman and Cutler LLP, as Bond Counsel to the Company. Certain legal matters will be passed upon for the Company by Paul J. Leighton, Esq., as counsel for the Company. Certain legal matters will be passed upon for the Remarketing Agents by King & Spalding LLP. The validity of the Letter of Credit will be passed upon for the Bank by in-house counsel to the Bank.

## MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Reoffering Circular and must be read together with all of the balance of this Reoffering Circular.

The Issuers have not assumed nor will assume any responsibility for the accuracy or completeness of any information contained herein (other than the material pertinent to each Issuer under "THE ISSUERS" or "LITIGATION" above) or in the Appendices hereto, all of which was furnished by others.

## APPENDIX A

## PACIFICORP

*The following information concerning PacifiCorp (the "Company") has been provided by representatives of the Company and has not been independently confirmed or verified by the Remarketing Agent, the Issuer or any other party. No representation is made herein as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Company or in such information after the date hereof, or that the information contained or incorporated herein by reference is correct as of any time after the date hereof.*

The Company, which includes PacifiCorp and its subsidiaries, is a United States regulated electric company serving 1.8 million retail customers, including residential, commercial, industrial and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, 75 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of 10,597 megawatts. PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through approximately 16,200 miles of transmission lines. PacifiCorp also buys and sells electricity on the wholesale market with other utilities, energy marketing companies, financial institutions and other market participants as a result of excess electricity generation or other system balancing activities. The Company is subject to comprehensive state and federal regulation. The Company's subsidiaries support its electric utility operations by providing coal mining and environmental remediation services. The Company is an indirect subsidiary of MidAmerican Energy Holdings Company ("MEHC"), a holding company based in Des Moines, Iowa, that owns subsidiaries principally engaged in energy businesses. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. MEHC controls substantially all of the Company voting securities, which include both common and preferred stock.

The Company's operations are exposed to risks, including general economic, political and business conditions, as well as changes in laws and regulations affecting the Company or the related industries; changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce generating facility output, accelerate generating facility retirements or delay generating facility construction or acquisition; the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies; changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage, electricity supply or the Company's ability to obtain long-term contracts with customers; a high degree of variance between actual and forecasted load that could impact the Company's hedging strategy and the costs of balancing generation resources and wholesale activities with its retail load obligations; performance and availability of the Company's generating facilities, including the impacts of outages and repairs, transmission constraints, weather and operating conditions; hydroelectric conditions and the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings, that could have a significant impact on electric capacity and cost and the Company's ability to generate electricity; changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation capacity and energy costs; the financial condition and creditworthiness of the Company's significant customers and suppliers; changes in business strategy or development plans; availability, terms and deployment of capital, including reductions in demand for

investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for the Company's credit facilities; changes in the Company's credit ratings; the impact of derivative contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in the commodity prices, interest rates and other conditions that affect the fair value of derivative contracts; the impact of inflation on costs and our ability to recover such costs in rates; increases in employee healthcare costs; the impact of investment performance and changes in interest rates, legislation, healthcare cost trends, mortality and morbidity on the Company's pension and other postretirement benefits expense and funding requirements; unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions; the impact of new accounting guidance or changes in current accounting estimates and assumptions on consolidated financial results; other risks or unforeseen events, including the effects of storms, floods, litigation, wars, terrorism, embargoes and other catastrophic events; and other business or investment considerations that may be disclosed from time to time in the Company's filings with the United States Securities and Exchange Commission (the "Commission") or in other publicly disseminated written documents. See the Incorporated Documents under "Incorporation of Certain Documents by Reference."

The principal executive offices of the Company are located at 825 N.E. Multnomah, Portland, Oregon 97232; the telephone number is (503) 813-5608. The Company was initially incorporated in 1910 under the laws of the state of Maine under the name Pacific Power & Light Company. In 1984, Pacific Power & Light Company changed its name to PacifiCorp. In 1989, it merged with Utah Power and Light Company, a Utah corporation, in a transaction wherein both corporations merged into a newly formed Oregon corporation. The resulting Oregon corporation was re-named PacifiCorp, which is the operating entity today.

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Commission. Such reports and other information filed by the Company may be inspected and copied at public reference rooms maintained by the Commission in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Company's filings with the Commission are also available to the public at the website maintained by the Commission at http://www.sec.gov.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act are incorporated herein by reference:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

2. Current Report on Form 8-K, dated January 6, 2012.

3. Current Report on Form 8-K, dated March 6, 2012.

4. Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

5. Current Report on Form 8-K, dated April 3, 2012.

6. Current Report on Form 8-K, dated May 25, 2012.

7. All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the Quarterly Report on Form 10-Q for the three months ended March 31, 2012 and before the termination of the reoffering made by this Supplement to Reoffering Circular (the "Supplement") shall be deemed to be incorporated by reference in this Supplement and to be a part hereof from the date of filing such documents (such documents and the documents enumerated above, being hereinafter referred to as the "Incorporated Documents"), provided, however, that the documents enumerated above and the documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act in each year during which the reoffering made by this Supplement is in effect before the filing of the Company's Annual Report on Form 10-K covering such year shall not be Incorporated Documents or be incorporated by reference in this Supplement or be a part hereof from and after such filing of such Annual Report on Form 10-K.

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

The Incorporated Documents are not presented in this Supplement or delivered herewith. The Company hereby undertakes to provide without charge to each person to whom a copy of this Supplement has been delivered, on the written or oral request of any such person, a copy of any or all of the Incorporated Documents, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein. Requests for such copies should be directed to PacifiCorp, 825 N.E. Multnomah, Portland, Oregon 97232, telephone number (503) 813-5608. The information relating to the Company contained in this Supplement does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

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## APPENDIX B

## THE BANK

*The information under this heading has been provided solely by Wells Fargo Bank, National Association (the "Bank") and is believed to be reliable. This information has not been verified independently by the Issuer or the Remarketing Agent. The Issuer and the Remarketing Agent make no representation whatsoever as to the accuracy, adequacy or completeness of such information.*

**Wells Fargo Bank, National Association**

The Bank is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Bank is an indirect, wholly owned subsidiary of Wells Fargo & Company, a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California ("Wells Fargo").

Effective at 11:59 p.m. on December 31, 2008, Wells Fargo acquired Wachovia Corporation and its subsidiaries in a stock-for-stock merger transaction. Information about this merger has been included in filings made by Wells Fargo with the Securities and Exchange Commission (the "Commission"). Copies of these filings are available free of charge on the Commission's website at www.sec.gov. or by writing to Wells Fargo's Corporate Secretary at the address given below.

Each quarter, the Bank files with the FDIC financial reports entitled "Consolidated Reports of Condition and Income for Insured Commercial Banks with Domestic and Foreign Offices," commonly referred to as the "Call Reports." The Bank's Call Reports are prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles. The publicly available portions of the Call Reports contain the most recently filed quarterly reports of the Bank, which include the Bank's total consolidated assets, total domestic and foreign deposits, and total equity capital. These Call Reports, as well as the Call Reports filed by the Bank with the FDIC after the date of this Offering Memorandum, may be obtained from the FDIC, Disclosure Group, Room F518, 550 17th Street, N.W., Washington, D.C. 20429 at prescribed rates, or from the FDIC on its Internet site at http://www.fdic.gov, or by writing to the Wells Fargo Corporate Secretary's Office, Wells Fargo Center, Sixth and Marquette, MAC N9305-173, Minneapolis, MN 55479.

**The Letter of Credit will be solely an obligation of the Bank and will not be an obligation of, or otherwise guaranteed by, Wells Fargo, and no assets of Wells Fargo or any affiliate of the Bank or Wells Fargo will be pledged to the payment thereof. Payment of the Letter of Credit will not be insured by the FDIC.**

The information contained in this Appendix B, including financial information, relates to and has been obtained from the Bank, and is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Any financial information provided in this Appendix B is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank since the date hereof.

# APPENDIX C-1

## APPROVING OPINION OF BOND COUNSEL FOR THE CARBON BONDS

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November 17, 1994

Re: $9,365,000 Carbon County, Utah, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Carbon County, Utah (the *"Issuer"*), a political subdivision of the State of Utah, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $9,365,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 now outstanding in the amount of $9,365,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of air and water pollution control facilities (the *"Project"*) at the Carbon coal-fired electric generating plant (the *"Station"*) in Carbon County, Utah for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Utah now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of

the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $9,365,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, Sweetwater County, Wyoming, and Moffat County, Colorado (collectively, the *"Other Issuers"*) to refinance certain pollution control or solid waste disposal facilities (the *"Facilities"*) for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the

Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under the laws of the State of Utah as presently enacted and construed, interest on the Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other Utah tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Utah and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Gene Strate, County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

RJScott:DBRohbock:jgl

Chapman and Cutler

# APPENDIX C-2

## APPROVING OPINION OF BOND COUNSEL FOR THE EMERY BONDS

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Law Offices of

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November 17, 1994

Re: $121,940,000 Emery County, Utah, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Emery County, Utah (the *"Issuer"*), a political subdivision of the State of Utah, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $121,940,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974, Pollution Control Revenue Bonds, 6-3/8% Series due November 1, 2006 (Utah Power & Light Company Project), Pollution Control Revenue Bonds, 5.90% Series due April 1, 2008 (Utah Power & Light Company Project) and Pollution Control Revenue Bonds (Utah Power & Light Company Project), 10.70% Series Due September 1, 2014, collectively outstanding in the amount of $121,940,000 (collectively, the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing or refinancing a portion of the cost of certain pollution control or solid waste disposal facilities (the *"Projects"*) at the Hunter coal-fired steam electric generating plant (formerly known as the Emery Generating plant) and the Huntington coal-fired electric generating plant (collectively, the *"Stations"*) in Emery County, Utah, for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the respective trustee for each series of Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Utah now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of Nova Scotia (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $121,940,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Carbon County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, Sweetwater County, Wyoming, and Moffat County, Colorado (collectively, the *"Other Issuers"*), to refinance certain pollution control or solid waste disposal facilities (the *"Facilities"*) for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any

period during which such Bond is owned by a person who is a substantial user of any of the Projects or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Stations, the Projects and the application of the proceeds of the Bonds, the Refunded Bonds and the Issuer's $16,750,000 Pollution Control Revenue Bonds (Utah Power & Light Company Project), dated May 11, 1984, with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under the laws of the State of Utah as presently enacted and construed, interest on the Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other Utah tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Utah and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Ray, Quinney & Nebeker, special counsel to the Issuer, and David A. Blackwell, County Attorney of the Issuer, have delivered opinions of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Projects or the Stations.

RJScott:DBRohbock:jgl

Chapman and Cutler

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# APPENDIX C-3

## APPROVING OPINION OF BOND COUNSEL FOR THE CONVERSE BONDS

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November 17, 1994

Re: $8,190,000 Converse County, Wyoming,
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Converse County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $8,190,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Collateralized Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1977 now outstanding in the amount of $8,190,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of water and air pollution control facilities (the *"Project"*) at the Dave Johnston Plant (the *"Station"*) in Converse County, Wyoming, for use by Pacific Power & Light Company, a Maine corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of

the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $8,190,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Lincoln County, Wyoming, Sweetwater County, Wyoming, and Moffat County, Colorado (collectively, the *"Other Issuers"*), to finance certain pollution control or solid waste disposal facilities (the *"Facilities"*) for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the

Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. No opinion is expressed with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Bonds may result in other Wyoming tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Thomas A. Burley, Esq., County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

RJScott:BDPatterson:jgl

Chapman and Cutler

# APPENDIX C-4

## APPROVING OPINION OF BOND COUNSEL FOR THE LINCOLN BONDS

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November 17, 1994

Re: $15,060,000 Lincoln County, Wyoming,
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Lincoln County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $15,060,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 now outstanding in the amount of $15,060,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of air pollution control facilities (the *"Project"*) at the Naughton coal-fired electric generating plant (the *"Station"*) in Lincoln County, Wyoming, for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of

the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $15,060,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Converse County, Wyoming, Sweetwater County, Wyoming, and Moffat County, Colorado (collectively, the *"Other Issuers"*), to refinance certain pollution control or solid waste disposal facilities (the *"Facilities"*) for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the

Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. No opinion is expressed with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Bonds may result in other Wyoming tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Joseph B. Bluemel, County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

RJScott:BDPatterson:jgl

Chapman and Cutler

# APPENDIX C-5

## APPROVING OPINION OF BOND COUNSEL FOR THE SWEETWATER BONDS

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November 17, 1994

Re: $21,260,000 Sweetwater County, Wyoming,
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Sweetwater County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $21,260,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Taxable Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994T now outstanding in the amount of $21,260,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1973 (the *"1973 Bonds"*) which were issued by the Issuer for the purpose of financing a portion of the cost of certain air and water pollution control facilities in which PacifiCorp, an Oregon corporation (the *"Company"*) owns a 66-2/3% undivided interest (the *"Project"*) at the Jim Bridger coal-fired steam electric generating plant (the *"Station"*) in Sweetwater County, Wyoming. The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of

the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $21,260,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, and Moffat County, Colorado (collectively, the *"Other Issuers"*), to refinance certain pollution control or solid waste disposal facilities (the *"Facilities"*) for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the

Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the 1973 Bonds and the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. No opinion is expressed with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Bonds may result in other Wyoming tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Sue Kearns, County and Prosecuting Attorney and G.R. Stewart, Civil Deputy County Attorney and Prosecuting Attorney of the Issuer, have delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

RJScott:BDPatterson:jgl

Chapman and Cutler

# APPENDIX C-6

## APPROVING OPINION OF BOND COUNSEL FOR THE MOFFAT BONDS

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November 17, 1994

Re: $40,655,000 Moffat County, Colorado,
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Moffat County, Colorado (the *"Issuer"*), a body corporate and politic of the State of Colorado, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $40,655,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of the County and Municipality Development Revenue Bond Act, Colorado Revised Statutes 1973, as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds, Series 1978 (Colorado-Ute Electric Association, Inc. Project) now outstanding in the amount of $42,855,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of air and water pollution control facilities (the *"Project"*) at the electric generating Units 1 and 2 at the Craig Station steam electric generating station (the *"Station"*) in Moffat County, Colorado, for use by the Colorado-Ute Electric Association, Inc. (*"Colorado-Ute"*). Subsequent to the issuance of the Refunded Bonds, PacifiCorp, an Oregon corporation (the *"Company"*), purchased the Project from Colorado-Ute and assumed certain obligations and rights of Colorado-Ute with respect to the Project and the Refunded Bonds. The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on May 1, 2013, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Colorado now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of

the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $40,655,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, and Sweetwater County, Wyoming (collectively, the *"Other Issuers"*), to refinance certain pollution control or solid waste disposal facilities (the *"Facilities"*) for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the

Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under the laws of the State of Colorado, as presently enacted and construed, so long as interest on the Bonds is not included in gross income for federal income tax purposes, interest on the Bonds is not included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, upon individuals, corporations, and estates and trusts. No opinion is expressed regarding taxation of interest on the Bonds under any other provisions of Colorado law. Ownership of the Bonds may result in other Colorado tax consequences to certain taxpayers and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Colorado and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Thomas Thornberry, County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

RJScott:DBRohbock:jgl

Chapman and Cutler

## APPENDIX D-1

## PROPOSED FORM OPINION OF BOND COUNSEL RELATING TO FIRST SUPPLEMENTAL INDENTURE AND FIRST SUPPLEMENTAL LOAN AGREEMENT FOR CARBON BONDS

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Carbon County, Utah
120 East Main Street
Price, Utah 84510

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004

JPMorgan Chase Bank, N.A.
as Agent Bank
270 Park Avenue, 4th Floor
New York, New York 10017

Morgan Stanley & Co. Incorporated
1221 Avenue of the Americas, 30th Floor
New York, New York 10020

Re: $9,365,000
Carbon County, Utah
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain the Trust Indenture, dated as of November 1, 1994 (the *"Original Indenture"*), between Carbon County, Utah (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*); (b) Section 1.4 of that certain Release Agreement, dated the date hereof (the *"Release Agreement"*), by and among the Issuer, the Trustee, PacifiCorp (the *"Company"*) and Ambac Assurance Corporation (*"Ambac"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated November 18, 2008, between the Company and Morgan Stanley & Co. Incorporated, as remarketing agent. Prior to the date hereof, payment of principal of and interest on the Bonds was secured by a municipal bond insurance policy issued by Ambac (the *"Insurance Policy"*) and the purchase price of the Bonds

is currently secured by that certain Standby Bond Purchase Agreement, dated February 22, 2006 (the *"Standby Purchase Agreement"*), by and among the Company, the banks party thereto and JPMorgan Chase Bank, N.A., as agent bank. In order to replace the Insurance Policy and the Standby Purchase Agreement with a Letter of Credit to be issued by Wells Fargo Bank, N.A. (the *"Bank"*) for the benefit of the Trustee, and to make certain other permitted changes in connection therewith to the Original Indenture and the Loan Agreement, dated as of November 1, 1994 (the *"Original Loan Agreement"*), between the Issuer and the Company, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the First Supplemental Trust Indenture, dated as of October 1, 2008 (the *"First Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of October 1, 2008 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the First Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The First Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The First Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency,

reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement will not adversely affect the Tax-Exempt status of the Bonds.

6. The release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not, in and of itself, adversely affect the Tax-Exempt status of the Bonds. Except as expressly stated in the foregoing sentence, we have not been request to express, and do not express, any opinion with respect to such release or the Release Agreement. In rendering this opinion, we have assumed, with your permission, that the release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not result in the Issuer's capacity to meet the payment obligations on the Bonds changing from being adequate to primarily speculative.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection with the conversion of the interest rate on the Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement and the release of the Insurance Policy. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

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## APPENDIX D-2

## PROPOSED FORM OPINION OF BOND COUNSEL RELATING TO FIRST SUPPLEMENTAL INDENTURE AND FIRST SUPPLEMENTAL LOAN AGREEMENT FOR CONVERSE BONDS

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Converse County, Wyoming
107 North 5th Street
Douglas, Wyoming 82633

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004

JPMorgan Chase Bank, N.A.,
as Agent Bank
270 Park Avenue, 4th Floor
New York, New York 10017

Banc of America Securities LLC
One Bryant Park, 11th Floor
New York, New York 10036

Re: $8,190,000
Converse County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain the Trust Indenture, dated as of November 1, 1994 (the *"Original Indenture"*), between Converse County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*); (b) Section 1.4 of that certain Release Agreement, dated the date hereof (the *"Release Agreement"*), by and among the Issuer, the Trustee, PacifiCorp (the *"Company"*) and Ambac Assurance Corporation (*"Ambac"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated November 18, 2008, between the Company and Banc of America Securities LLC, as remarketing agent. Prior to the date hereof, payment of principal of and interest on the Bonds was secured by a municipal bond insurance policy issued by Ambac (the *"Insurance Policy"*) and the purchase price of the Bonds

is currently secured by that certain Standby Bond Purchase Agreement, dated February 22, 2006 (the *"Standby Purchase Agreement"*), by and among the Company, the banks party thereto and JPMorgan Chase Bank, N.A., as agent bank. In order to replace the Insurance Policy and the Standby Purchase Agreement with a Letter of Credit to be issued by Wells Fargo Bank, N.A. (the *"Bank"*) for the benefit of the Trustee, and to make certain other permitted changes in connection therewith to the Original Indenture and the Loan Agreement, dated as of November 1, 1994 (the *"Original Loan Agreement"*), between the Issuer and the Company, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the First Supplemental Trust Indenture, dated as of October 1, 2008 (the *"First Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of October 1, 2008 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the First Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The First Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The First Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency,

reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement will not adversely affect the Tax-Exempt status of the Bonds.

6. The release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not, in and of itself, adversely affect the Tax-Exempt status of the Bonds. Except as expressly stated in the foregoing sentence, we have not been request to express, and do not express, any opinion with respect to such release or the Release Agreement. In rendering this opinion, we have assumed, with your permission, that the release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not result in the Issuer's capacity to meet the payment obligations on the Bonds changing from being adequate to primarily speculative.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection with the conversion of the interest rate on the Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement and the release of the Insurance Policy. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

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## APPENDIX D-3

## PROPOSED FORM OPINION OF BOND COUNSEL RELATING TO FIRST SUPPLEMENTAL INDENTURE AND FIRST SUPPLEMENTAL LOAN AGREEMENT FOR EMERY BONDS

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Emery County, Utah
75 East Main Street
Castle Dale, Utah 84513

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004

The Bank of Nova Scotia, New York Agency,
as Agent Bank
1 Liberty Plaza
New York, New York 10006

Wells Fargo Brokerage Services, LLC
MAC N9303-105
608 Second Avenue South
Minneapolis, Minnesota 55479

Re: $121,940,000
Emery County, Utah
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain the Trust Indenture, dated as of November 1, 1994 (the *"Original Indenture"*), between Emery County, Utah (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*); (b) Section 1.4 of that certain Release Agreement, dated the date hereof (the *"Release Agreement"*), by and among the Issuer, the Trustee, PacifiCorp (the *"Company"*) and Ambac Assurance Corporation (*"Ambac"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated November 18, 2008, between the Company and Wells Fargo Brokerage Services, LLC, as remarketing agent. Prior to the date hereof, payment of principal of and interest on the Bonds was secured by a municipal bond insurance policy issued by Ambac (the *"Insurance Policy"*) and the purchase price of the Bonds

is currently secured by that certain Standby Bond Purchase Agreement, dated May 3, 2006 (the *"Standby Purchase Agreement"*), by and among the Company, the banks party thereto and The Bank of Nova Scotia, New York Agency, as agent bank. In order to replace the Insurance Policy and the Standby Purchase Agreement with a Letter of Credit to be issued by Wells Fargo Bank, N.A. (the *"Bank"*) for the benefit of the Trustee, and to make certain other permitted changes in connection therewith to the Original Indenture and the Loan Agreement, dated as of November 1, 1994 (the *"Original Loan Agreement"*), between the Issuer and the Company, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the First Supplemental Trust Indenture, dated as of October 1, 2008 (the *"First Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of October 1, 2008 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the First Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The First Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The First Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency,

reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement will not adversely affect the Tax-Exempt status of the Bonds.

6. The release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not, in and of itself, adversely affect the Tax-Exempt status of the Bonds. Except as expressly stated in the foregoing sentence, we have not been request to express, and do not express, any opinion with respect to such release or the Release Agreement. In rendering this opinion, we have assumed, with your permission, that the release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not result in the Issuer's capacity to meet the payment obligations on the Bonds changing from being adequate to primarily speculative.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection with the conversion of the interest rate on the Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement and the release of the Insurance Policy. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

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## APPENDIX D-4

## PROPOSED FORM OPINION OF BOND COUNSEL RELATING TO FIRST SUPPLEMENTAL INDENTURE AND FIRST SUPPLEMENTAL LOAN AGREEMENT FOR LINCOLN BONDS

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Lincoln County, Wyoming
925 Sage, Suite 302
Kemmerer, Wyoming 83101

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004

JPMorgan Chase Bank, N.A.,
as Agent Bank
270 Park Avenue, 4th Floor
New York, New York 10017

Banc of America Securities LLC
One Bryant Park, 11th Floor
New York, New York 10036

Re: $15,060,000
Lincoln County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain the Trust Indenture, dated as of November 1, 1994 (the *"Original Indenture"*), between Lincoln County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*); (b) Section 1.4 of that certain Release Agreement, dated the date hereof (the *"Release Agreement"*), by and among the Issuer, the Trustee, PacifiCorp (the *"Company"*) and Ambac Assurance Corporation (*"Ambac"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated November 18, 2008, between the Company and Banc of America Securities LLC, as remarketing agent. Prior to the date hereof, payment of principal of and interest on the Bonds was secured by a municipal bond insurance policy issued by Ambac (the *"Insurance Policy"*) and the purchase price of the Bonds

is currently secured by that certain Standby Bond Purchase Agreement, dated February 22, 2006 (the *"Standby Purchase Agreement"*), by and among the Company, the banks party thereto and JPMorgan Chase Bank, N.A., as agent bank. In order to replace the Insurance Policy and the Standby Purchase Agreement with a Letter of Credit to be issued by Wells Fargo Bank, N.A. (the *"Bank"*) for the benefit of the Trustee, and to make certain other permitted changes in connection therewith to the Original Indenture and the Loan Agreement, dated as of November 1, 1994 (the *"Original Loan Agreement"*), between the Issuer and the Company, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the First Supplemental Trust Indenture, dated as of October 1, 2008 (the *"First Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of October 1, 2008 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the First Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The First Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The First Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency,

reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement will not adversely affect the Tax-Exempt status of the Bonds.

6. The release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not, in and of itself, adversely affect the Tax-Exempt status of the Bonds. Except as expressly stated in the foregoing sentence, we have not been request to express, and do not express, any opinion with respect to such release or the Release Agreement. In rendering this opinion, we have assumed, with your permission, that the release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not result in the Issuer's capacity to meet the payment obligations on the Bonds changing from being adequate to primarily speculative.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection with the conversion of the interest rate on the Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement and the release of the Insurance Policy. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

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## APPENDIX D-5

## PROPOSED FORM OPINION OF BOND COUNSEL RELATING TO FIRST SUPPLEMENTAL INDENTURE AND FIRST SUPPLEMENTAL LOAN AGREEMENT FOR MOFFAT BONDS

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Moffat County, Colorado
221 West Victory Way, Suite 120
Craig, Colorado 81625

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004

JPMorgan Chase Bank, N.A.,
as Agent Bank
270 Park Avenue, 4th Floor
New York, New York 10017

Morgan Stanley & Co. Incorporated
1221 Avenue of the Americas, 30th Floor
New York, New York 10020

Re: $40,655,000
Moffat County, Colorado
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain the Trust Indenture, dated as of November 1, 1994 (the *"Original Indenture"*), between Moffat County, Colorado (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*); (b) Section 1.4 of that certain Release Agreement, dated the date hereof (the *"Release Agreement"*), by and among the Issuer, the Trustee, PacifiCorp (the *"Company"*) and Ambac Assurance Corporation (*"Ambac"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated November 18, 2008, between the Company and Morgan Stanley & Co. Incorporated, as remarketing agent. Prior to the date hereof, payment of principal of and interest on the Bonds was secured by a municipal bond insurance policy issued by Ambac (the *"Insurance Policy"*) and the purchase price of the Bonds

is currently secured by that certain Standby Bond Purchase Agreement, dated February 22, 2006 (the *"Standby Purchase Agreement"*), by and among the Company, the banks party thereto and JPMorgan Chase Bank, N.A., as agent bank. In order to replace the Insurance Policy and the Standby Purchase Agreement with a Letter of Credit to be issued by Wells Fargo Bank, N.A. (the *"Bank"*) for the benefit of the Trustee, and to make certain other permitted changes in connection therewith to the Original Indenture and the Loan Agreement, dated as of November 1, 1994 (the *"Original Loan Agreement"*), between the Issuer and the Company, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the First Supplemental Trust Indenture, dated as of October 1, 2008 (the *"First Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of October 1, 2008 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the First Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The First Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The First Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency,

reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement will not adversely affect the Tax-Exempt status of the Bonds.

6. The release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not, in and of itself, adversely affect the Tax-Exempt status of the Bonds. Except as expressly stated in the foregoing sentence, we have not been request to express, and do not express, any opinion with respect to such release or the Release Agreement. In rendering this opinion, we have assumed, with your permission, that the release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not result in the Issuer's capacity to meet the payment obligations on the Bonds changing from being adequate to primarily speculative.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection with the conversion of the interest rate on the Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement and the release of the Insurance Policy. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

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## APPENDIX D-6

## PROPOSED FORM OPINION OF BOND COUNSEL RELATING TO FIRST SUPPLEMENTAL INDENTURE AND FIRST SUPPLEMENTAL LOAN AGREEMENT FOR SWEETWATER BONDS

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Sweetwater County, Wyoming
80 West Flaming Gorge Way
Green River, Wyoming 82935

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004

JPMorgan Chase Bank, N.A.,
as Agent Bank
270 Park Avenue, 4th Floor
New York, New York 10017

Morgan Stanley & Co. Incorporated
1221 Avenue of the Americas, 30th Floor
New York, New York 10020

Re: $21,260,000
Sweetwater County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain the Trust Indenture, dated as of November 1, 1994 (the *"Original Indenture"*), between Sweetwater County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*); (b) Section 1.4 of that certain Release Agreement, dated the date hereof (the *"Release Agreement"*), by and among the Issuer, the Trustee, PacifiCorp (the *"Company"*) and Ambac Assurance Corporation (*"Ambac"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated November 18, 2008, between the Company and Morgan Stanley & Co. Incorporated, as remarketing agent. Prior to the date hereof, payment of principal of and interest on the Bonds was secured by a municipal bond insurance policy issued by Ambac (the *"Insurance Policy"*) and the purchase price of the Bonds

is currently secured by that certain Standby Bond Purchase Agreement, dated February 22, 2006 (the *"Standby Purchase Agreement"*), by and among the Company, the banks party thereto and JPMorgan Chase Bank, N.A., as agent bank. In order to replace the Insurance Policy and the Standby Purchase Agreement with a Letter of Credit to be issued by Wells Fargo Bank, N.A. (the *"Bank"*) for the benefit of the Trustee, and to make certain other permitted changes in connection therewith to the Original Indenture and the Loan Agreement, dated as of November 1, 1994 (the *"Original Loan Agreement"*), between the Issuer and the Company, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the First Supplemental Trust Indenture, dated as of October 1, 2008 (the *"First Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the First Supplemental Loan Agreement, dated as of October 1, 2008 (the *"First Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the First Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The First Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the First Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The First Supplemental Indenture and the First Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency,

reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement will not adversely affect the Tax-Exempt status of the Bonds.

6. The release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not, in and of itself, adversely affect the Tax-Exempt status of the Bonds. Except as expressly stated in the foregoing sentence, we have not been request to express, and do not express, any opinion with respect to such release or the Release Agreement. In rendering this opinion, we have assumed, with your permission, that the release of Ambac from its obligations under the Insurance Policy to pay principal of and interest on the Bonds will not result in the Issuer's capacity to meet the payment obligations on the Bonds changing from being adequate to primarily speculative.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection with the conversion of the interest rate on the Bonds and the execution and delivery of the First Supplemental Indenture and the First Supplemental Loan Agreement and the release of the Insurance Policy. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review 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.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

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**APPENDIX E**

**FORM OF LETTER OF CREDIT**

**IRREVOCABLE LETTER OF CREDIT**

November 19, 2008

Letter of Credit No. _____

The Bank of New York Mellon Trust Company, N.A.
2 North LaSalle Street, Suite 1020
Chicago, IL 60602
Attention: Global Corporate Trust

Ladies and Gentlemen:

We hereby establish in your favor, as Trustee for the benefit of the owners of the Bonds under the Indenture described below, at the request and for the account of PacifiCorp, an Oregon corporation, our irrevocable letter of credit in the amount of U.S. $ (_____ Dollars) in connection with the Bonds (as defined below) available with ourselves by sight payment against presentation of one or more signed and dated demands addressed by you to Wells Fargo Bank, National Association, Letter of Credit Operations Office, San Francisco, California, each in the form of Annex A (an "A Drawing"), Annex B (a "B Drawing"), Annex C (a "C Drawing"), or Annex D (a "D Drawing") hereto, with all instructions in brackets therein being complied with. Each such demand must be presented to us in its original form at the Presentation Office (as hereinafter defined) or by facsimile transmission of such original form to us at (415) 296-8905.

Each such presentation must be made at or before 5:00 p.m. San Francisco time on a Business Day (as hereinafter defined) to our Letter of Credit Operations Office in San Francisco, California, presently located at One Front Street, 21st Floor, San Francisco, California 94111, (the "Presentation Office").

This Letter of Credit expires at our Letter of Credit Operations Office in San Francisco, California on November 19, 2009, but shall be automatically extended, without written amendment to, and shall expire on, November 19, 2010 unless on or before October 20, 2009, you have received written notice from us sent by express courier or registered mail to your address above or by facsimile transmission to (312) 827-8542 (the "Fax Number"), that we elect not to extend this Letter of Credit beyond November 19, 2009. (The date on which this Letter of Credit expires pursuant to the preceding sentence, or if such date is not a Business Day then the first (1st) succeeding Business Day thereafter, will be hereinafter referred to as the "Expiration Date".) To be effective, the notice from us described in the first sentence of this paragraph must be received by you on or before October 20, 2009.

As used herein the term "Business Day" shall mean a day on which our San Francisco Letter of Credit Operations Office is open for business.

The amount of any demand presented hereunder will be the amount inserted in numbered Paragraph 4 of said demand. By honoring any such demand we make no representation as to the correctness of the amount demanded.

We hereby agree with you that each demand presented hereunder in full compliance with the terms hereof will be duly honored by our payment to you of the amount of such demand, in immediately available funds of Wells Fargo Bank, National Association:

(i) not later than 10:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before noon, San Francisco time, or

(ii) not later than 10:00 a.m., San Francisco time, on the second Business Day following the Business Day on which such demand is presented to us as aforesaid, if such presentation is made to us after noon, San Francisco time.

Notwithstanding the foregoing, any demand presented hereunder, in full compliance with the terms hereof, for a C Drawing will be duly honored (i) not later than 11:30 a.m., San Francisco time, on the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before 9:00 a.m., San Francisco time, and (ii) not later than 11:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us after 9:00 a.m., San Francisco time.

If the remittance instructions included with any demand presented under this Letter of Credit require that payment is to be made by transfer to an account with us or with another bank, we and/or such other bank may rely solely on the account number specified in such instructions even if the account is in the name of a person or entity different from the intended payee.

With respect to any demand that is honored hereunder, the total amount of this Letter of Credit shall be reduced as follows:

(A) With respect to each A Drawing paid by us, the total amount of this Letter of Credit shall be reduced by the amount of such A Drawing with respect to all demands presented to us after the time we receive such A Drawing; provided, however, that the amount of such A Drawing shall be automatically reinstated on the eighth ($8^{th}$) Business Day following the date such A Drawing is honored by us, unless (i) you shall have received notice from us sent to you at your above address by express courier or registered mail or by facsimile transmission to the Fax Number, no later than seven (7) Business Days after such A Drawing is honored by us that there shall be no such reinstatement, or (ii) such eighth ($8^{th}$) Business Day falls after the Expiration Date;

(B) With respect to each B Drawing paid by us, the total amount of this Letter of Credit shall be reduced by the sum of (1) the amount inserted as principal in paragraph 5(A) of the applicable demand plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the applicable demand and (b) interest on the amount inserted as principal in paragraph 5(A) of the applicable demand

calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent) with respect to all demands presented to us after the time we receive such B Drawing and shall not be reinstated;

(C) With respect to each C Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such C Drawing by the sum of (1) the amount inserted as principal in paragraph 5(A) of the C Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the C Drawing and (b) interest on the amount inserted as principal in paragraph 5(A) of the C Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent); provided, however, that if the Bonds (as defined below) related to such C Drawing are remarketed and the remarketing proceeds are paid to us prior to the Expiration Date, then on the day we receive such remarketing proceeds the amount of this Letter of Credit shall be reinstated by an amount which equals the sum of (i) the amount paid to us from such remarketing proceeds and (ii) interest on such amount calculated for the same number of days, at the same interest rate, and on the basis of a year of the same number of days as is specified in (2)(b) of this paragraph (C) (with any fraction of a cent being rounded upward to the nearest whole cent), with such reinstatement and its amount being promptly advised to you; provided, however, that in no event will the total amount of all C Drawing reinstatements exceed the total amount of all Letter of Credit reductions made pursuant to this paragraph (C).

Upon presentation to us of a D Drawing in compliance with the terms of this Letter of Credit, no further demand whatsoever may be presented hereunder.

No more than one A Drawing which we honor shall be presented to us during any consecutive twenty-seven (27) calendar day period. No A Drawing which we honor shall be for an amount more than U.S. $_____.

It is a condition of this Letter of Credit that the amount available for drawing under this Letter of Credit shall be decreased automatically without amendment upon our receipt of each reduction authorization in the form of Annex E to this Letter of Credit (with all instructions therein in brackets being complied with) sent to us at the Presentation Office as a signed and dated original form or sent to us as an authenticated SWIFT message at the SWIFT Address.

This Letter of Credit is subject to, and engages us in accordance with the terms of, the Uniform Customs and Practice for Documentary Credits (2007 Revision), Publication No. 600 of the International Chamber of Commerce (the "UCP"); provided, however, that if any provision of the UCP contradicts a provision of this Letter of Credit such provision of the UCP will not be applicable to this Letter of Credit, and provided further that Article 32, the second sentence of Article 36, and subsection (e) of Article 38 of the UCP shall not apply to this Letter of Credit. Furthermore, as provided in the first sentence of Article 36 of the UCP, we assume no liability or responsibility for consequences arising out of the interruption of our business by Acts of God,

riots, civil commotions, insurrections, wars, acts of terrorism, or by any strikes or lockouts, or any other causes beyond our control. Matters related to this Letter of Credit which are not covered by the UCP will be governed by the laws of the State of California, including, without limitation, the Uniform Commercial Code as in effect in the State of California, except to the extent such laws are inconsistent with the provisions of the UCP or this Letter of Credit.

This Letter of Credit is transferable and may be transferred more than once, but in each case only in the amount of the full unutilized balance hereof to any single transferee who you shall have advised us pursuant to Annex F has succeeded The Bank of New York Mellon Trust Company, N.A. or a successor trustee as Trustee under the Trust Indenture dated as of November 1, 1994, as amended and restated by a First Supplemental Trust Indenture dated as of October 1, 2008, as further amended or supplemented from time to time (the "Indenture") between _____ County, _____ (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $_____ in aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Bonds") were issued. Transfers may be effected without charge to the transferor and only through ourselves and only upon presentation to us at the Presentation Office of a duly executed instrument of transfer in the form attached hereto as Annex F. Any transfer of this Letter of Credit as aforesaid must be endorsed by us on the reverse hereof and may not change the place of presentation of demands from our Letter of Credit Operations Office in San Francisco, California.

All payments hereunder shall be made from our own funds.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds and the Indenture), except the UCP to the extent the UCP is not inconsistent with or made inapplicable by this Letter of Credit; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except the UCP.

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: _____
Authorized Signature

Letter of Credit Operations Office
Telephone No.: 1-800-798-2815
Facsimile No.: (415) 296-8905

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT, ON AN INTEREST PAYMENT DATE (AS DEFINED IN THE INDENTURE), OF UNPAID INTEREST ON THE BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $**[INSERT AMOUNT]**.

(5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED; HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING THE DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(6) IF THIS DEMAND IS RECEIVED AT THE PRESENTATION OFFICE BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF

THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND THE UNPAID INTEREST ON, REDEEMED BONDS UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE BONDS CURRENTLY OUTSTANDING.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT HEREBY DEMANDED IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF THE REDEEMED BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE REDEEMED BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED; HOWEVER, SUCH

CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING THE DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10.00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND INTEREST DUE ON, THOSE BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF PRINCIPAL OF THE BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF INTEREST DUE ON THE BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED; HOWEVER, SUCH

CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING THE DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE 9:00 A.M., SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., SAN FRANCISCO TIME, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER 9:00 A.M., SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., SAN FRANCISCO TIME, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

Annex D to Wells Fargo Bank, National Association
Irrevocable Letter of Credit No. _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.**

**[INSERT NAME OF BENEFICIARY]** (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE TOTAL UNPAID PRINCIPAL OF, AND UNPAID INTEREST ON, ALL OF THE BONDS WHICH ARE CURRENTLY OUTSTANDING UPON (A) THE STATED MATURITY OF ALL SUCH BONDS, (B) THE ACCELERATION OF ALL SUCH BONDS FOLLOWING AN EVENT OF DEFAULT UNDER THE INDENTURE OR (C) THE REDEMPTION OF ALL SUCH BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS SET FORTH IN PARAGRAPH 5, BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID PRINCIPAL OF THE OUTSTANDING BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE OUTSTANDING BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION

OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED; HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING THE DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

WELLS FARGO BANK, NATIONAL ASSOCIATION.
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER**

**LETTER OF CREDIT REDUCTION AUTHORIZATION**

**[INSERT NAME OF BENEFICIARY],** WITH REFERENCE TO LETTER OF CREDIT NO. _____ ISSUED BY WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK"), HEREBY UNCONDITIONALLY AND IRREVOCABLY REQUESTS THAT THE BANK DECREASE THE AMOUNT AVAILABLE FOR DRAWING UNDER THE LETTER OF CREDIT BY $**[INSERT AMOUNT]**.

**[FOR SIGNED REDUCTION AUTHORIZATIONS ONLY]**

**[INSERT NAME OF BENEFICIARY]**

By: **[INSERT SIGNATURE]**
TITLE: **[INSERT TITLE]**

DATE: **[INSERT DATE]**

**SIGNATURE GUARANTEED BY**

**[INSERT NAME OF BANK]**

**By:** _____
**[INSERT NAME AND TITLE]**

Annex F to Wells Fargo Bank, National Association
Irrevocable Letter of Credit No. _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
One Front Street, 21st Floor,
San Francisco, California, 94111

**FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER**

**[INSERT DATE]**

Subject: Your Letter of Credit No. _____

Ladies and Gentlemen:

For value received, we hereby irrevocably assign and transfer all of our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended, increased or reduced to:

_____
**[Name of Transferee]**

_____
_____
_____
**[Address of Transferee]**

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us.

The original Letter of Credit is returned with all amendments to this date. Please notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions to this Letter of Credit, including amendments as transferred.

You are hereby advised that the transferee named above has succeeded The Bank of New York Mellon Trust Company, N.A., or a successor trustee, as Trustee under the Trust Indenture dated as of November 1, 1994, as amended and restated by a First Supplemental Trust Indenture dated as of October 1, 2008, as further amended or supplemented from time to time (the "Indenture") between County, _____ (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U. S. $_____ in aggregate principal amount of Issuer's Pollution Control Refunding Revenue Bonds (PacifiCorp Project) Series 1994 (the "Bonds") were issued.

Very truly yours,

**[Insert Name of Transferor]**

By: _____
**[Insert Name and Title]**

**TRANSFEROR'S SIGNATURE GUARANTEED**

By: _____
**[Bank Name]**

By: _____
**[Insert Name and Title]**

By its signature below, the undersigned transferee acknowledges that it has duly succeeded _____ or a successor trustee as Trustee under the Indenture.

**[Insert Name of Transferee]**

By: _____
**[Insert Name and Title]**

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# FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

Dated as of June 22, 2012

by and between

PACIFICORP,
as Borrower

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as the "Issuing Bank"

---

$9,335,000
Sweetwater County, Wyoming
Pollution Control Revenue Refunding Bonds
Series 1992A
(PacifiCorp Project)

and

$6,305,000
Sweetwater County, Wyoming
Pollution Control Revenue Refunding Bonds
Series 1992B
(PacifiCorp Project)

## FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

THIS FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT, dated as of June 22, 2012 (this *"First Amendment"*), amends that certain Letter of Credit Agreement dated September, 22, 2010 (the "*Letter of Credit Agreement*"), between PACIFICORP, an Oregon corporation (the *"Borrower"*), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as the issuer of the hereinafter defined Letter of Credit (the *"Issuing Bank"*).

WITNESSETH:

**WHEREAS,** the Issuing Bank issued the Letters of Credit on September 22, 2010, pursuant to the Letter of Credit Agreement and subject to the terms set forth in that certain Credit Agreement dated as of October 23, 2007, as amended by that certain First Amendment dated April 15, 2009, among the Borrower, various banks identified therein, Union Bank of California, N.A., Administrative Agent, and The Royal Bank of Scotland plc, as Syndication Agent (the "*Initial Credit Agreement*");

**WHEREAS,** the Borrower has requested that the Letters of Credit remain outstanding and be issued under, and be subject to, the terms of the Credit Agreement (as hereinafter defined) in lieu of the Initial Credit Agreement and that the Expiration Date of each of the Letters of Credit be extended to June 21, 2013; and

**WHEREAS,** the parties have agreed to amend the Letter of Credit Agreement accordingly as more fully set forth below; and

**NOW THEREFORE,** in consideration of the premises and agreements herein set forth, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

### DEFINITIONS

Initially capitalized terms and phrases used in this First Amendment and not defined elsewhere in this First Amendment shall have the meaning ascribed to them in the Letter of Credit Agreement.

### ARTICLE II

### AMENDMENTS OF LETTER OF CREDIT AGREEMENT

Subject to the satisfaction of the conditions in Article III, the Letter of Credit Agreement is hereby amended as follows:

**Section 2.01. Amendments to Section 1.01 of the Letter of Credit Agreement.**

(a) The definition of "Administrative Agent" shall be deleted in its entirety and the following shall be substituted therefore:

"Administrative Agent" means JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent under the Credit Agreement, and its successors and assigns.

(b) The definition of "Credit Agreement" shall be deleted in its entirety and the following shall be substituted therefore:

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of July 6, 2006, as amended by the First Amendment to the same, dated as of April 15, 2009, and the Second Amendment to the same, dated as of January 6, 2012, among the Borrower, the banks listed on the signature pages thereto, the Administrative Agent and The Royal Bank of Scotland plc, as Syndication Agent, as further amended or supplemented from time to time.

(c) A new definition shall be added to Section 1.01 as follow:

"Reissuance Date" means June 22, 2012.

**Section 2.02. Amendments to Section 2.01 of the Letter of Credit Agreement.**

Section 2.01 of the Letter of Credit Agreement is hereby amended by striking the first sentence thereof and substituting the following therefore:

"The Issuing Bank issued the Letters of Credit to the Trustee as beneficiary on the Closing Date on the terms set forth in the Initial Credit Agreement. Subject to the terms and conditions of this Agreement, the Issuing Bank agrees that the Letters of Credit shall remain outstanding and, as of the Reissuance Date, shall be issued under, and shall be subject to the terms and conditions of, the Credit Agreement, as supplemented by this Agreement."

**Section 2.03. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Subparagraph (c)(2) of Section 2.04 of the Letter of Credit Agreement is hereby amended by striking the phrase "and the aggregate amount of the Letter of Credit Liabilities shall not exceed $200,000,000" in its entirety and substituting therefore the new phrase "and the aggregate amount of the Letter of Credit Liabilities in respect of Letters of Credit issued by the Issuing Bank shall not exceed the Issuing Bank's Issuer Sublimit."

**Section 2.04. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Section 2.05 of the Letter of Credit Agreement is hereby amended by striking the paragraph in it entirety and the following shall be substituted therefore:

"Extension of the Expiration Date. If, after receiving a Notice of Issuance (as defined in the Credit Agreement) requesting an extension of the then current Expiration

Date set forth in a Letter of Credit in accordance with such Letter of Credit and the Credit Agreement, the Issuing Bank intends to elect not to extend such Expiration Date, the Issuing Bank shall provide written notice to the Borrower of such intention on or before the date that is sixty (60) days prior to such Expiration Date. In addition, if the Issuing Bank makes such election to not extend the scheduled Expiration Date, the Issuing Bank shall provide written notice of the Issuing Bank's election to the Trustee on or before the date that is forty-five (45) days prior to such Expiration Date. The determination whether to extend the Expiration Date shall be in the independent absolute discretion of the Issuing Bank."

## ARTICLE III

## CONDITIONS PRECEDENT

The obligation of the Issuing Bank to execute and deliver this First Amendment, to authorize the Letters of Credit to remain outstanding subject to the terms and conditions of the Credit Agreement and to extend the Expiration Date of each of the Letters of Credit to June 21, 2013 shall be subject to the following:

(a) The Issuing Bank shall have received a counterpart hereof signed by the Borrower;

(b) the representations and warranties of the Borrower contained in Section 2.04(c) of the Letter of Credit Agreement, as amended above, shall be true in all material respects on the Reissuance Date with the same effect as though made on and as of that date, and no condition, event or act shall have occurred which constitutes a Default under the Credit Agreement or, with notice or lapse of time, or both, would constitute a Default under the Credit Agreement;

(c) the Issuing Bank shall have received from counsel for the Borrower an opinion in form and substance reasonably satisfactory to the Issuing Bank.

(d) the conditions precedent to issuance of the Letters of Credit set forth in Section 3.01 of the Letter of Credit Agreement shall have been satisfied as of the Reissuance Date, including, without limitation, that the Issuing Bank shall have been designated as an "issuing bank" by the Administrative Agent and the Borrower as provided in the Credit Agreement and Borrower shall have provided a Notice of Issuance to the Issuance Bank as required under Section 2.17(b) of the Credit Agreement; and

(e) The Issuing Bank shall have received such other documents, instruments, approvals and, if requested by the Issuing Bank, certified duplicates of executed copies thereof, and opinions as the Issuing Bank may reasonably request.

## ARTICLE IV

## MISCELLANEOUS PROVISIONS

**Section 4.01. Ratification.** Except for those provisions specifically amended pursuant to Article II hereof, all other provisions of the Letter of Credit Agreement shall and do remain in effect and unchanged. In executing and delivering this First Amendment, the Issuing Bank shall be entitled to all of the privileges and immunities afforded to the Issuing Bank under the terms and provisions of the Letter of Credit Agreement.

**Section 4.02. Counterparts.** This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4.03. Applicable Law.** This First Amendment shall be governed by, and construed in accordance with, the laws of the State of New York except that the authority of the Borrower to execute and deliver this Agreement shall be governed by the laws of the State of Oregon.

**Section 4.04. Waiver of Jury.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this First Amendment. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

**Section 4.05. Severability.** If any provision of this First Amendment shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 4.06. Captions.** The captions or headings of this First Amendment are for convenience or reference only, and in no way define, limit or describe the scope or intent or any provisions or sections of this First Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By: Bruce Williams
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By:_____
Name: Yann Blindert
Title: Director

[First Amendment to Letter of Credit Agreement]
(Sweetwater County, Wyoming, Series 1992A and Series 1992B)

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By:_____
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By:_____
Name: Yann Blindert
Title: Director

[First Amendment to Letter of Credit Agreement]
(Sweetwater County, Wyoming, Series 1992A and Series 1992B)

FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

Dated as of June 22,

by and between 5

PACIFICORP
as Borrower

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as the "Issuing Bank"

---

$22,485,000
Converse County, Wyoming
Pollution Control Revenue Refunding Bonds
Series 1992
(PacifiCorp Project)

## FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

THIS FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT, dated as of June 22, 2012 (this *"First Amendment"*), amends that certain Letter of Credit Agreement dated September 22, 2010 (the *"Letter of Credit Agreement"*), between PACIFICORP, an Oregon corporation (the *"Borrower"*), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as the issuer of the hereinafter defined Letter of Credit (the *"Issuing Bank"*).

WITNESSETH:

**WHEREAS,** the Issuing Bank issued the Letter of Credit on September 22, 2010, pursuant to the Letter of Credit Agreement and subject to the terms set forth in that certain Credit Agreement dated as of October 23, 2007, as amended by that certain First Amendment dated April 15, 2009, among the Borrower, various banks identified therein, Union Bank of California, N.A., Administrative Agent, and The Royal Bank of Scotland plc, as Syndication Agent (the *"Initial Credit Agreement"*);

**WHEREAS,** the Borrower has requested that the Letter of Credit remain outstanding and be issued under, and be subject to, the terms of the Credit Agreement (as hereinafter defined) in lieu of the Initial Credit Agreement and that the Expiration Date of the Letter of Credit be extended to June 21, 2013; and

**WHEREAS,** the parties have agreed to amend the Letter of Credit Agreement accordingly as more fully set forth below; and

**NOW THEREFORE,** in consideration of the premises and agreements herein set forth, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

### DEFINITIONS

Initially capitalized terms and phrases used in this First Amendment and not defined elsewhere in this First Amendment shall have the meaning ascribed to them in the Letter of Credit Agreement.

### ARTICLE II

### AMENDMENTS OF LETTER OF CREDIT AGREEMENT

Subject to the satisfaction of the conditions in Article III, the Letter of Credit Agreement is hereby amended as follows:

**Section 2.01. Amendments to Section 1.01 of the Letter of Credit Agreement.**

(a) The definition of "Administrative Agent" shall be deleted in its entirety and the following shall be substituted therefore:

"Administrative Agent" means JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent under the Credit Agreement, and its successors and assigns.

(b) The definition of "Credit Agreement" shall be deleted in its entirety and the following shall be substituted therefore:

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of July 6, 2006, as amended by the First Amendment to the same, dated as of April 15, 2009, and the Second Amendment to the same, dated as of January 6, 2012, among the Borrower, the banks listed on the signature pages thereto, the Administrative Agent and The Royal Bank of Scotland plc, as Syndication Agent, as further amended or supplemented from time to time.

(c) A new definition shall be added to Section 1.01 as follow:

"Reissuance Date" means June 22, 2012.

**Section 2.02. Amendments to Section 2.01 of the Letter of Credit Agreement.**

Section 2.01 of the Letter of Credit Agreement is hereby amended by striking the first sentence thereof and substituting the following therefore:

"The Issuing Bank issued the Letter of Credit to the Trustee as beneficiary on the Closing Date on the terms set forth in the Initial Credit Agreement. Subject to the terms and conditions of this Agreement, the Issuing Bank agrees that the Letter of Credit shall remain outstanding and, as of the Reissuance Date, shall be issued under, and shall be subject to the terms and conditions of, the Credit Agreement, as supplemented by this Agreement."

**Section 2.03. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Subparagraph (c)(2) of Section 2.04 of the Letter of Credit Agreement is hereby amended by striking the phrase "and the aggregate amount of the Letter of Credit Liabilities shall not exceed $200,000,000" in its entirety and substituting therefore the new phrase "and the aggregate amount of the Letter of Credit Liabilities in respect of Letters of Credit issued by the Issuing Bank shall not exceed the Issuing Bank's Issuer Sublimit."

**Section 2.04. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Section 2.05 of the Letter of Credit Agreement is hereby amended by striking the paragraph in it entirety and the following shall be substituted therefore:

"Extension of the Expiration Date. If, after receiving a Notice of Issuance (as defined in the Credit Agreement) requesting an extension of the then current Expiration

Date set forth in the Letter of Credit in accordance with the Letter of Credit and the Credit Agreement, the Issuing Bank intends to elect not to extend such Expiration Date, the Issuing Bank shall provide written notice to the Borrower of such intention on or before the date that is sixty (60) days prior to such Expiration Date. In addition, if the Issuing Bank makes such election to not extend the scheduled Expiration Date, the Issuing Bank shall provide written notice of the Issuing Bank's election to the Trustee on or before the date that is forty-five (45) days prior to such Expiration Date. The determination whether to extend the Expiration Date shall be in the independent absolute discretion of the Issuing Bank."

## ARTICLE III

## CONDITIONS PRECEDENT

The obligation of the Issuing Bank to execute and deliver this First Amendment, to authorize the Letter of Credit to remain outstanding subject to the terms and conditions of the Credit Agreement and to extend the Expiration Date of the Letter of Credit to June 21, 2013 shall be subject to the following:

(a) The Issuing Bank shall have received a counterpart hereof signed by the Borrower;

(b) the representations and warranties of the Borrower contained in Section 2.04(c) of the Letter of Credit Agreement, as amended above, shall be true in all material respects on the Reissuance Date with the same effect as though made on and as of that date, and no condition, event or act shall have occurred which constitutes a Default under the Credit Agreement or, with notice or lapse of time, or both, would constitute a Default under the Credit Agreement;

(c) the Issuing Bank shall have received from counsel for the Borrower an opinion in form and substance reasonably satisfactory to the Issuing Bank.

(d) the conditions precedent to issuance of the Letter of Credit set forth in Section 3.01 of the Letter of Credit Agreement shall have been satisfied as of the Reissuance Date, including, without limitation, that the Issuing Bank shall have been designated as an "issuing bank" by the Administrative Agent and the Borrower as provided in the Credit Agreement and Borrower shall have provided a Notice of Issuance to the Issuance Bank as required under Section 2.17(b) of the Credit Agreement; and

(e) The Issuing Bank shall have received such other documents, instruments, approvals and, if requested by the Issuing Bank, certified duplicates of executed copies thereof, and opinions as the Issuing Bank may reasonably request.

## ARTICLE IV

## MISCELLANEOUS PROVISIONS

**Section 4.01. Ratification.** Except for those provisions specifically amended pursuant to Article II hereof, all other provisions of the Letter of Credit Agreement shall and do remain in effect and unchanged. In executing and delivering this First Amendment, the Issuing Bank shall be entitled to all of the privileges and immunities afforded to the Issuing Bank under the terms and provisions of the Letter of Credit Agreement.

**Section 4.02. Counterparts.** This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4.03. Applicable Law.** This First Amendment shall be governed by, and construed in accordance with, the laws of the State of New York except that the authority of the Borrower to execute and deliver this Agreement shall be governed by the laws of the State of Oregon.

**Section 4.04. Waiver of Jury.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this First Amendment. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

**Section 4.05. Severability.** If any provision of this First Amendment shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 4.06. Captions.** The captions or headings of this First Amendment are for convenience or reference only, and in no way define, limit or describe the scope or intent or any provisions or sections of this First Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By: Bruce Williams
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By:_____
Name: Yann Blindert
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By:_____
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By:_____
Name: Yann Blindert
Title: Director

# FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

Dated as of June 22, 2012

by and between

PACIFICORP,
as Borrower

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as the "Issuing Bank"

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$45,000,000
Lincoln County, Wyoming
Pollution Control Revenue Refunding Bonds
Series 1991
(PacifiCorp Project)

## FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

THIS FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT, dated as of June 22, 2012 (this *"First Amendment"*), amends that certain Letter of Credit Agreement dated June 1, 2010 (the "*Letter of Credit Agreement*"), between PACIFICORP, an Oregon corporation (the *"Borrower"*), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as the issuer of the hereinafter defined Letter of Credit (the *"Issuing Bank"*).

WITNESSETH:

**WHEREAS,** the Issuing Bank issued the Letter of Credit on June 1, 2010, pursuant to the Letter of Credit Agreement and subject to the terms set forth in that certain Credit Agreement dated as of October 23, 2007, as amended by that certain First Amendment dated April 15, 2009, among the Borrower, various banks identified therein, Union Bank of California, N.A., as Administrative Agent, and The Royal Bank of Scotland plc, as Syndication Agent (the "*Initial Credit Agreement*");

**WHEREAS,** the Borrower has requested that the Letter of Credit remain outstanding and be issued under, and be subject to, the terms of the Credit Agreement (as hereinafter defined) in lieu of the Initial Credit Agreement and that the Expiration Date of the Letter of Credit be extended to June 21, 2013; and

**WHEREAS,** the parties have agreed to amend the Letter of Credit Agreement accordingly as more fully set forth below; and

**NOW THEREFORE,** in consideration of the premises and agreements herein set forth, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

### DEFINITIONS

Initially capitalized terms and phrases used in this First Amendment and not defined elsewhere in this First Amendment shall have the meaning ascribed to them in the Letter of Credit Agreement.

### ARTICLE II

### AMENDMENTS OF LETTER OF CREDIT AGREEMENT

Subject to the satisfaction of the conditions in Article III, the Letter of Credit Agreement is hereby amended as follows:

**Section 2.01. Amendments to Section 1.01 of the Letter of Credit Agreement.**

(a) The definition of "Administrative Agent" shall be deleted in its entirety and the following shall be substituted therefore:

"Administrative Agent" means JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent under the Credit Agreement, and its successors and assigns.

(b) The definition of "Credit Agreement" shall be deleted in its entirety and the following shall be substituted therefore:

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of July 6, 2006, as amended by the First Amendment to the same, dated as of April 15, 2009, and the Second Amendment to the same, dated as of January 6, 2012, among the Borrower, the banks listed on the signature pages thereto, the Administrative Agent and The Royal Bank of Scotland plc, as Syndication Agent, as further amended or supplemented from time to time.

(c) A new definition shall be added to Section 1.01 as follow:

"Reissuance Date" means June 22, 2012.

**Section 2.02. Amendments to Section 2.01 of the Letter of Credit Agreement.**

Section 2.01 of the Letter of Credit Agreement is hereby amended by striking the first sentence thereof and substituting the following therefore:

"The Issuing Bank issued the Letter of Credit to the Trustee as beneficiary on the Closing Date on the terms set forth in the Initial Credit Agreement. Subject to the terms and conditions of this Agreement, the Issuing Bank agrees that the Letter of Credit shall remain outstanding and, as of the Reissuance Date, shall be issued under, and shall be subject to the terms and conditions of, the Credit Agreement, as supplemented by this Agreement."

**Section 2.03. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Subparagraph (c)(2) of Section 2.04 of the Letter of Credit Agreement is hereby amended by striking the phrase "and the aggregate amount of the Letter of Credit Liabilities shall not exceed $200,000,000" in its entirety and substituting therefore the new phrase "and the aggregate amount of the Letter of Credit Liabilities in respect of Letters of Credit issued by the Issuing Bank shall not exceed the Issuing Bank's Issuer Sublimit."

**Section 2.04. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Section 2.05 of the Letter of Credit Agreement is hereby amended by striking the paragraph in it entirety and the following shall be substituted therefore:

"Extension of the Expiration Date. If, after receiving a Notice of Issuance (as defined in the Credit Agreement) requesting an extension of the then current Expiration

Date set forth in the Letter of Credit in accordance with the Letter of Credit and the Credit Agreement, the Issuing Bank intends to elect not to extend such Expiration Date, the Issuing Bank shall provide written notice to the Borrower of such intention on or before the date that is sixty (60) days prior to such Expiration Date. In addition, if the Issuing Bank makes such election to not extend the scheduled Expiration Date, the Issuing Bank shall provide written notice of the Issuing Bank's election to the Trustee on or before the date that is forty-five (45) days prior to such Expiration Date. The determination whether to extend the Expiration Date shall be in the independent absolute discretion of the Issuing Bank."

## ARTICLE III

## CONDITIONS PRECEDENT

The obligation of the Issuing Bank to execute and deliver this First Amendment, to authorize the Letter of Credit to remain outstanding subject to the terms and conditions of the Credit Agreement and to extend the Expiration Date of the Letter of Credit to June 21, 2013 shall be subject to the following:

(a) The Issuing Bank shall have received a counterpart hereof signed by the Borrower;

(b) the representations and warranties of the Borrower contained in Section 2.04(c) of the Letter of Credit Agreement, as amended above, shall be true in all material respects on the Reissuance Date with the same effect as though made on and as of that date, and no condition, event or act shall have occurred which constitutes a Default under the Credit Agreement or, with notice or lapse of time, or both, would constitute a Default under the Credit Agreement;

(c) the Issuing Bank shall have received from counsel for the Borrower an opinion in form and substance reasonably satisfactory to the Issuing Bank.

(d) the conditions precedent to issuance of the Letter of Credit set forth in Section 3.01 of the Letter of Credit Agreement shall have been satisfied as of the Reissuance Date, including, without limitation, that the Issuing Bank shall have been designated as an "issuing bank" by the Administrative Agent and the Borrower as provided in the Credit Agreement and Borrower shall have provided a Notice of Issuance to the Issuance Bank as required under Section 2.17(b) of the Credit Agreement; and

(e) The Issuing Bank shall have received such other documents, instruments, approvals and, if requested by the Issuing Bank, certified duplicates of executed copies thereof, and opinions as the Issuing Bank may reasonably request.

## ARTICLE IV

## MISCELLANEOUS PROVISIONS

**Section 4.01. Ratification.** Except for those provisions specifically amended pursuant to Article II hereof, all other provisions of the Letter of Credit Agreement shall and do remain in effect and unchanged. In executing and delivering this First Amendment, the Issuing Bank shall be entitled to all of the privileges and immunities afforded to the Issuing Bank under the terms and provisions of the Letter of Credit Agreement.

**Section 4.02. Counterparts.** This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4.03. Applicable Law.** This First Amendment shall be governed by, and construed in accordance with, the laws of the State of New York except that the authority of the Borrower to execute and deliver this Agreement shall be governed by the laws of the State of Oregon.

**Section 4.04. Waiver of Jury.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this First Amendment. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

**Section 4.05. Severability.** If any provision of this First Amendment shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 4.06. Captions.** The captions or headings of this First Amendment are for convenience or reference only, and in no way define, limit or describe the scope or intent or any provisions or sections of this First Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By: _____
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By: _____
Name: Yann Blindert
Title: Director

[First Amendment to Letter of Credit Agreement]
(Lincoln County, Wyoming, Series 1991)

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By:_____
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By:_____
Name: Yann Blindert
Title: Director

[First Amendment to Letter of Credit Agreement]
(Lincoln County, Wyoming, Series 1991)

FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

Dated as of June 22, 2012

by and between

PACIFICORP,
as Borrower

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as the "Issuing Bank"

---

$21,260,000
Sweetwater County, Wyoming
Pollution Control Revenue Refunding Bonds
Series 1994
(PacifiCorp Project)

## FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT

THIS FIRST AMENDMENT TO LETTER OF CREDIT AGREEMENT, dated as of June 22, 2012 (this *"First Amendment"*), amends that certain Letter of Credit Agreement dated November 19, 2008 (the *"Letter of Credit Agreement"*), between PACIFICORP, an Oregon corporation (the *"Borrower"*), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as the issuer of the hereinafter defined Letter of Credit (the *"Issuing Bank"*).

WITNESSETH:

**WHEREAS,** the Issuing Bank issued the Letter of Credit on November 19, 2008, pursuant to the Letter of Credit Agreement and subject to the terms set forth in that certain Credit Agreement dated as of October 23, 2007, as amended by that certain First Amendment dated April 15, 2009, among the Borrower, various banks identified therein, Union Bank of California, N.A., Administrative Agent, and The Royal Bank of Scotland plc, as Syndication Agent (the *"Initial Credit Agreement"*);

**WHEREAS,** the Borrower has requested that the Letter of Credit remain outstanding and be issued under, and be subject to, the terms of the Credit Agreement (as hereinafter defined) in lieu of the Initial Credit Agreement and that the Expiration Date of the Letter of Credit be extended to June 21, 2013; and

**WHEREAS,** the parties have agreed to amend the Letter of Credit Agreement accordingly as more fully set forth below; and

**NOW THEREFORE,** in consideration of the premises and agreements herein set forth, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

### DEFINITIONS

Initially capitalized terms and phrases used in this First Amendment and not defined elsewhere in this First Amendment shall have the meaning ascribed to them in the Letter of Credit Agreement.

### ARTICLE II

### AMENDMENTS OF LETTER OF CREDIT AGREEMENT

Subject to the satisfaction of the conditions in Article III, the Letter of Credit Agreement is hereby amended as follows:

**Section 2.01. Amendments to Section 1.01 of the Letter of Credit Agreement.**

(a) The definition of "Administrative Agent" shall be deleted in its entirety and the following shall be substituted therefore:

"Administrative Agent" means JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent under the Credit Agreement, and its successors and assigns.

(b) The definition of "Credit Agreement" shall be deleted in its entirety and the following shall be substituted therefore:

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of July 6, 2006, as amended by the First Amendment to the same, dated as of April 15, 2009, and the Second Amendment to the same, dated as of January 6, 2012, among the Borrower, the banks listed on the signature pages thereto, the Administrative Agent and The Royal Bank of Scotland plc, as Syndication Agent, as further amended or supplemented from time to time.

(c) A new definition shall be added to Section 1.01 as follow:

"Reissuance Date" means June 22, 2012.

**Section 2.02. Amendments to Section 2.01 of the Letter of Credit Agreement.**

Section 2.01 of the Letter of Credit Agreement is hereby amended by striking the first sentence thereof and substituting the following therefore:

"The Issuing Bank issued the Letter of Credit to the Trustee as beneficiary on the Closing Date on the terms set forth in the Initial Credit Agreement. Subject to the terms and conditions of this Agreement, the Issuing Bank agrees that the Letter of Credit shall remain outstanding and, as of the Reissuance Date, shall be issued under, and shall be subject to the terms and conditions of, the Credit Agreement, as supplemented by this Agreement."

**Section 2.03. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Subparagraph (c)(2) of Section 2.04 of the Letter of Credit Agreement is hereby amended by striking the phrase "and the aggregate amount of the Letter of Credit Liabilities shall not exceed $200,000,000" in its entirety and substituting therefore the new phrase "and the aggregate amount of the Letter of Credit Liabilities in respect of Letters of Credit issued by the Issuing Bank shall not exceed the Issuing Bank's Issuer Sublimit."

**Section 2.04. Amendment to Section 2.04 of the Letter of Credit Agreement.**

Section 2.05 of the Letter of Credit Agreement is hereby amended by striking the paragraph in it entirety and the following shall be substituted therefore:

"Extension of the Expiration Date. If, after receiving a Notice of Issuance (as defined in the Credit Agreement) requesting an extension of the then current Expiration

Date set forth in the Letter of Credit in accordance with the Letter of Credit and the Credit Agreement, the Issuing Bank intends to elect not to extend such Expiration Date, the Issuing Bank shall provide written notice to the Borrower of such intention on or before the date that is sixty (60) days prior to such Expiration Date. In addition, if the Issuing Bank makes such election to not extend the scheduled Expiration Date, the Issuing Bank shall provide written notice of the Issuing Bank's election to the Trustee on or before the date that is forty-five (45) days prior to such Expiration Date. The determination whether to extend the Expiration Date shall be in the independent absolute discretion of the Issuing Bank."

## ARTICLE III

## CONDITIONS PRECEDENT

The obligation of the Issuing Bank to execute and deliver this First Amendment, to authorize the Letter of Credit to remain outstanding subject to the terms and conditions of the Credit Agreement and to extend the Expiration Date of the Letter of Credit to June 21, 2013 shall be subject to the following:

(a) The Issuing Bank shall have received a counterpart hereof signed by the Borrower;

(b) the representations and warranties of the Borrower contained in Section 2.04(c) of the Letter of Credit Agreement, as amended above, shall be true in all material respects on the Reissuance Date with the same effect as though made on and as of that date, and no condition, event or act shall have occurred which constitutes a Default under the Credit Agreement or, with notice or lapse of time, or both, would constitute a Default under the Credit Agreement;

(c) the Issuing Bank shall have received from counsel for the Borrower an opinion in form and substance reasonably satisfactory to the Issuing Bank.

(d) the conditions precedent to issuance of the Letter of Credit set forth in Section 3.01 of the Letter of Credit Agreement shall have been satisfied as of the Reissuance Date, including, without limitation, that the Issuing Bank shall have been designated as an "issuing bank" by the Administrative Agent and the Borrower as provided in the Credit Agreement and Borrower shall have provided a Notice of Issuance to the Issuance Bank as required under Section 2.17(b) of the Credit Agreement; and

(e) The Issuing Bank shall have received such other documents, instruments, approvals and, if requested by the Issuing Bank, certified duplicates of executed copies thereof, and opinions as the Issuing Bank may reasonably request.

## ARTICLE IV

## MISCELLANEOUS PROVISIONS

**Section 4.01. Ratification.** Except for those provisions specifically amended pursuant to Article II hereof, all other provisions of the Letter of Credit Agreement shall and do remain in effect and unchanged. In executing and delivering this First Amendment, the Issuing Bank shall be entitled to all of the privileges and immunities afforded to the Issuing Bank under the terms and provisions of the Letter of Credit Agreement.

**Section 4.02. Counterparts.** This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4.03. Applicable Law.** This First Amendment shall be governed by, and construed in accordance with, the laws of the State of New York except that the authority of the Borrower to execute and deliver this Agreement shall be governed by the laws of the State of Oregon.

**Section 4.04. Waiver of Jury.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this First Amendment. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

**Section 4.05. Severability.** If any provision of this First Amendment shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 4.06. Captions.** The captions or headings of this First Amendment are for convenience or reference only, and in no way define, limit or describe the scope or intent or any provisions or sections of this First Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP,** as Borrower

By: _____
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION,** as Issuing Bank

By: _____
Name: Yann Blindert
Title: Director

[First Amendment to Letter of Credit Agreement]
(Sweetwater County, Wyoming, Series 1994)

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Letter of Credit Agreement be executed by their respective officers thereunto duly authorized, all as of the date first written above.

**PACIFICORP**, as Borrower

By:_____
Name: Bruce Williams
Title: Vice President and Treasurer

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Issuing Bank

By:_____
Name: Yann Blindert
Title: Director

[First Amendment to Letter of Credit Agreement]
(Sweetwater County, Wyoming, Series 1994)