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

March 25, 2014

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
Informational Notice of Removal of Credit Support and Interest Rate Mode Change

Dear Commissioners:

On March 19, 2014, two series of pollution control revenue bonds were remarketed in a weekly interest mode after the termination of letters of credit that had supported the bonds and an interest mode change for the Sweetwater 1988A series. For informational purposes, PacifiCorp (the "Company") submits to the Commission an original and 3 verified copies of each of the following documents:

1. Reoffering Circular dated March 17, 2014

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

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, Idaho Regulatory Manager, at (801) 220-2963 if you have any questions about this letter or the enclosed documents.

Sincerely,

Tanya Sacks
Assistant Treasurer

Enclosures
Cc: Terri Carlock

COMPOSITE REOFFERING — NOT NEW ISSUES

SUPPLEMENT, DATED MARCH 17, 2014, TO OFFICIAL STATEMENT, DATED JANUARY 13, 1988

The opinions of Chapman and Cutler delivered on January 14, 1988, stated that, subject to compliance by PacifiCorp and the Issuer of each issue of Bonds with certain covenants, under then-existing law (a) interest on each issue of Bonds will not be 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 related 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 will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Such interest will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax. Such opinions of Bond Counsel were also to the effect that under then-existing law the State of Wyoming imposed no income taxes which would be applicable to the Bonds. Such opinions have not been updated as of the date hereof. In the opinions of Bond Counsel to be delivered in connection with the conversion of the interest rate determination method for the Sweetwater Bonds and the terminations of the Existing Letters of Credit, such conversion and such terminations will not, in and of themselves, cause the interest on the Sweetwater Bonds or the Gillette Bonds, as the case may be, to become includible in the gross income of the owners thereof for purposes of federal income taxation. See "TAX EXEMPTION" herein for a more complete discussion.

COMPOSITE REOFFERING
$91,200,000[1]
CUSTOMIZED PURCHASE POLLUTION CONTROL
REVENUE REFUNDING BONDS
(PacifiCorp Projects)

$41,200,000[1]	**$50,000,000[1]**
City of Gillette, Campbell County, Wyoming	**Sweetwater County, Wyoming**
Series 1988	**Series 1988A**
Due: January 1, 2018	**Due: January 1, 2017**
(CUSIP 375902 AG8[2])	(CUSIP 870487 CL7[2])

PURCHASE DATE: MARCH 19, 2014

The Bonds of each issue are limited obligations of the applicable Issuer payable solely from and secured by a pledge of payments to be made under a separate Loan Agreement for each issue between such Issuer and

PACIFICORP

The Bonds of each issue are currently supported by separate Letters of Credit issued by The Royal Bank of Scotland plc, acting through its Connecticut branch (each, an "Existing Letter of Credit"). On March 20, 2014, each Existing Letter of Credit will be terminated (collectively, the "Terminations") and thereafter the Bonds will not have the benefit of the Existing Letters of Credit or any other third party credit or liquidity facility.

Effective March 19, 2014, the interest rate determination method for the Sweetwater Bonds is being converted from a CP Rate to a Weekly Interest Rate (the "Conversion"). The Gillette Bonds bear and will continue to bear interest at a Weekly Interest Rate. On March 19, 2014, 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 April 1, 2014. The initial Weekly Interest Rate and each subsequent Weekly Interest Rate to be borne by the Bonds of each issue will be determined by the Remarketing Agent. Thereafter, the interest rate on the Bonds of each issue may be changed from time to time to CP, Daily, Weekly, Monthly, Tender or Fixed Interest Rates, designated and determined in accordance with the separate Indentures entered into between the applicable Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee. The Bonds of each issue are subject to purchase at the option of the owners thereof in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

The Bonds are issuable as fully registered Bonds without coupons, initially in the denomination of $100,000 and integral multiples of $100,000 in excess thereof. Interest on Bonds of each issue will be payable on the Interest Payment Date applicable to such issue of Bonds. The Depository Trust Company, New York, New York ("DTC"), will continue to act as a securities depository for the Bonds. The Bonds are registered in the name of Cede & Co., as registered owner and nominee of DTC, and, except for the limited circumstances described herein, beneficial owners of interests in the Bonds will not receive certificates representing their interests in the Bonds. Payments of principal of, and premium, if any, and interest on the Bonds will be made through DTC and its Participants and disbursements of such payments to purchasers will be the responsibility of such Participants.

Certain legal matters related to the Conversion and the Terminations will be passed upon by Chapman and Cutler LLP, Bond Counsel to PacifiCorp. Certain legal matters will be passed upon for PacifiCorp by Paul J. Leighton, Esq., counsel to PacifiCorp.

Price 100%

The Bonds are reoffered, subject to prior sale and certain other conditions.

BARCLAYS

as Remarketing Agent

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[1] The Bonds were issued in the aggregate principal amount of $91,200,000, all of which remain outstanding. This Supplement relates to the remarketing, in a secondary market transaction, of $41,200,000 aggregate principal amount of the Gillette Bonds delivered by the owners thereof for mandatory purchase on March 19, 2014. The owners of the entire $50,000,000 aggregate principal amount of the Sweetwater Bonds have elected to retain such Bonds pursuant to the corresponding Indenture, and such Bonds are not reoffered.

[2] Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Global Services, a division of McGraw-Hill Financial, 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 applicable Issuer, PacifiCorp or the Remarketing Agent takes any responsibility for the accuracy of such numbers.

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 Supplement to Official Statement in connection with the reoffering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuers, PacifiCorp or the Remarketing Agent. Neither the delivery of this Supplement to Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or PacifiCorp since the date hereof. The Issuers have not and will not assume any responsibility as to the accuracy or completeness of the information in this Supplement to Official Statement. The Bonds are not registered under the United States Securities Act of 1933, as amended. Neither the United States Securities and Exchange Commission nor any other federal, state or other governmental entity has passed upon the accuracy or adequacy of this Supplement to Official Statement.

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.

The Remarketing Agent has provided the following sentence for inclusion in this Supplement to Official Statement: The Remarketing Agent has reviewed the information in the Supplement to Official Statement 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.

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$91,200,000
CUSTOMIZED PURCHASE POLLUTION CONTROL
REVENUE REFUNDING BONDS
(PacifiCorp Projects)

GENERAL INFORMATION

THE OFFICIAL STATEMENT DATED JANUARY 13, 1988, A COPY OF WHICH IS ATTACHED HERETO AS APPENDIX B (THE "ORIGINAL OFFICIAL STATEMENT" AND, TOGETHER WITH THIS SUPPLEMENT TO OFFICIAL STATEMENT, THE "OFFICIAL STATEMENT"), WAS PREPARED IN CONNECTION WITH THE OFFERING OF FIVE SEPARATE ISSUES OF BONDS RELATING TO PACIFICORP. THIS SUPPLEMENT TO OFFICIAL STATEMENT RELATES ONLY TO THE TWO ISSUES OF BONDS DESCRIBED ON THE COVER PAGE OF THIS SUPPLEMENT TO OFFICIAL STATEMENT.

THIS SUPPLEMENT TO OFFICIAL STATEMENT DOES NOT CONTAIN COMPLETE DESCRIPTIONS OF DOCUMENTS AND OTHER INFORMATION WHICH IS SET FORTH IN THE ORIGINAL OFFICIAL STATEMENT, EXCEPT WHERE THERE HAS BEEN A CHANGE IN THE DOCUMENTS OR MORE RECENT INFORMATION SINCE THE DATE OF THE ORIGINAL OFFICIAL STATEMENT. THIS SUPPLEMENT TO OFFICIAL STATEMENT SHOULD THEREFORE BE READ ONLY IN CONJUNCTION WITH THE ORIGINAL OFFICIAL STATEMENT.

This Supplement to Official Statement is provided to furnish certain information with respect to the reoffering of two separate issues of revenue refunding bonds (collectively, the "Bonds") in the aggregate principal amount of $91,200,000, issued by the respective issuers (individually, the "Issuer," and collectively, the "Issuers"), as follows:

(i) $41,200,000 aggregate principal amount of City of Gillette, Campbell County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1988 (the "Gillette Bonds"); and

(ii) $50,000,000 aggregate principal amount of Sweetwater County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1988A (the "Sweetwater Bonds").

Each issue of the Bonds was issued pursuant to a Trust Indenture, dated as of January 1, 1988 (individually, an "Indenture," and collectively, the "Indentures"), between the respective Issuer and The Bank of New York Mellon Trust Company, N.A. (successor in interest to The First National Bank of Chicago), as Trustee (the "Trustee"). The proceeds from the sale of the Bonds were loaned to PacifiCorp (the "Company") pursuant to the terms of a separate Loan Agreement for each issue of the Bonds, each dated as of January 1, 1988 (individually, an "Agreement," and collectively, the "Agreements"), each between the respective Issuer and the Company. Under the Agreement, the Company is unconditionally obligated to pay amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Bonds (the "Loan Payments") and for payment of the purchase price of the Bonds. The proceeds of the Bonds, together with certain other moneys of the Company, were used for the purposes set forth in the Original Official Statement.

The Bonds of each issue contain substantially the same terms and provisions as, but will be entirely separate from, the Bonds of any other issue. The Bonds of one issue will not be payable from or entitled to any revenues delivered to the Trustee in respect of Bonds of any other issue. The mechanism for determining the interest rate may result in a rate for the Bonds of one issue different from that of the Bonds of any other issue. Redemption of the Bonds of one issue may be made in the manner described in the Official Statement without redemption of any other issue, and a default in respect of the Bonds of one issue will not of itself constitute a default in respect of the Bonds of any other issue; however, the same occurrence may constitute a default with respect to the Bonds of both issues.

The Bonds of each issue, together with premium, if any, and interest thereon, are limited and not general, obligations of the applicable Issuer not constituting or giving rise to a pecuniary liability of the applicable Issuer nor any charge against its general credit or taxing powers nor an indebtedness of or a loan of credit thereof, shall be payable solely from the applicable Revenues (as defined in the applicable Indenture) and other moneys pledged therefor under the applicable Indenture, and shall be a valid claim of the respective holders thereof only against the applicable Bond Fund (as defined in the applicable Indenture), Revenues and other moneys held by the Trustee as part of the applicable Trust Estate (as defined in the applicable Indenture). The Issuers shall not be obligated to pay the purchase price of any of the Bonds from any source.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in any Indenture, against any past, present or future officer or employee of any Issuer, or any incorporator, officer, director or member of any successor corporation, as such, either directly, or through any Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or member as such was expressly waived and released as a condition of and in consideration for the execution of each Indenture and the issuance of any of the Bonds.

The Company has exercised its right under the Agreements and the Indentures to terminate the two separate Letters of Credit, each dated March 26, 2013 (individually, an "Existing Letter of Credit" and collectively, the "Existing Letters of Credit") and issued by The Royal Bank of Scotland plc, a bank organized under the laws of Scotland, acting through its Connecticut branch. Pursuant to the Indentures, the Company has elected to terminate each Existing Letter of Credit on March 20, 2014 (collectively, the "Terminations") and, after such date, none of the Bonds will have the benefit of a Letter of Credit or any other third party credit or liquidity facility.

Pursuant to the applicable provisions of the Indenture for the Sweetwater Bonds, the interest rate determination method for the Sweetwater Bonds is being converted from the CP Rate to the Weekly Interest Rate (the "Conversion") effective March 19, 2014.

Prior to the Conversion with regard to the Sweetwater Bonds and the Terminations, the Sweetwater Bonds were bearing interest at a CP Rate and the Gillette Bonds were bearing

interest at a Weekly Interest Rate. Following the Conversion and the Termination with respect to the Sweetwater Bonds, the Sweetwater Bonds will bear interest at a Weekly Interest Rate and, following the Termination with respect to the Gillette Bonds, the Gillette Bonds will continue to bear interest at a Weekly Interest Rate, subject, in each case, to the right of the Company to cause the interest rate on the corresponding issue of Bonds to be converted to other interest rate determination methods as described in the Official Statement.

Reference is hereby made to the Bonds in their entirety for the detailed provisions thereof.

Brief descriptions of the Issuers, the Bonds, the Agreements and the Indentures are included in this Supplement to Official Statement, including the Original Official Statement attached as Appendix B hereto. Information regarding the business, properties and financial condition of the Company is included in Appendix A attached hereto. The descriptions herein of the Agreements and the Indentures 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 and at the principal offices of the Remarketing Agent in New York, New York. The letters of credit described in the Original Official Statement are no longer in effect and the information in the Original Official Statement with respect thereto should be disregarded.

REMARKETING AGENT

General. Barclays Capital Inc. (the "Remarketing Agent"), will continue as remarketing agent for the Bonds. Subject to certain conditions, the Remarketing Agent has agreed under a separate Remarketing Agreement for each issue of the Bonds, each dated January 14, 1988 (collectively, as assigned to and assumed by the Remarketing Agent on September 24, 2008, the "Remarketing Agreements"), and each between the Company and the Remarketing Agent's predecessor as remarketing agent, to determine the rates of interest on the Bonds and use its best efforts to remarket all tendered Bonds.

In the ordinary course of its business, the Remarketing Agent has engaged, and may in the future engage, in investment banking and/or commercial banking transactions with the Company, its subsidiaries and its other affiliates, for which it has received and will receive customary compensation.

Special Considerations. *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 Indentures and the Remarketing Agreements), all as further described in this Supplement. 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 Account. 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 account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account 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 for each issue of Bonds, 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 applicable 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 Limit*ed. 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 each Indenture and the Remarketing Agreement.

TAX EXEMPTION

The opinions of Chapman and Cutler delivered on January 14, 1988 stated that, subject to compliance by the Company and the applicable Issuer with certain covenants made to satisfy pertinent requirements of the United States Internal Revenue Code of 1986, under then-existing law, interest on the Bonds will not be 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 related project or facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the United States Internal Revenue Code of 1954), 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 Prior Bonds were issued prior to August 8, 1986). Such interest will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. As indicated in such opinions, the failure to comply with certain of such covenants of the applicable Issuer and the Company could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Chapman and Cutler LLP ("Bond Counsel") has made no independent investigation to confirm that such covenants have been complied with.

Bond Counsel will deliver an opinion for the Sweetwater Bonds in connection with the Conversion and Termination with regard to the Sweetwater Bonds, in substantially the form attached hereto as Appendix C-1, to the effect that (a) the Conversion (i) is authorized or permitted by the Indenture for the Sweetwater Bonds, (ii) will not, in and of itself, cause the interest on the Sweetwater Bonds to become includible in the gross income of the Owners thereof for purposes of federal income taxation and (iii) will not violate the provisions of the Act (as defined by the applicable Indenture) or other applicable State of Wyoming law, and (b)(i) the Termination is authorized under the Agreement for the Sweetwater Bonds and complies with the terms thereof, and (ii) will not impair the validity under the Act of the Sweetwater Bonds or, in and of itself, cause the interest on the Sweetwater Bonds to become includible in the gross income of the owners thereof for federal income tax purposes. Bond Counsel will deliver an opinion for the Gillette Bonds in connection with the Termination with regard to the Gillette Bonds, in substantially the form attached hereto as Appendix C-2, to the effect that the Termination (x) is authorized under the Agreement for the Gillette Bonds and complies with the terms thereof, and (y) will not impair the validity under the Act of the Gillette Bonds or, in and of itself, cause the interest on the Gillette Bonds to become includible in the gross income of the owners thereof for federal income tax purposes. Except as necessary to render the foregoing opinions, Bond Counsel has not reviewed any factual or legal matters relating to its opinions dated January 14, 1988 subsequent to their issuance other than with respect to the Company in connection with (a) with regard to the Sweetwater Bonds, the issuance and delivery of an Alternate Credit Facility, described in its opinion dated April 24, 2002, (b) with regard to the Gillette Bonds, the conversion of the interest rate on the Gillette Bonds from a CP Rate to a Weekly Interest Rate and the delivery of an Alternate Credit Facility, described in its opinion dated May 26, 1999 and its opinions dated June 7, 1999, (c) with regard to each issue of Bonds, (i) the delivery of earlier Alternate Credit Facilities described in its two opinions, each dated September 15, 2004, (ii) the delivery of amendments to such earlier Alternate Credit Facilities, described in its two opinions, each dated November 30, 2005, (iii) the delivery of earlier Letters of Credit, described in its two opinions, each dated May 16, 2012 and (iv) the delivery of the

Existing Letters of Credit, described in its two opinions, each dated March 26, 2013, (d) with regard to the Sweetwater Bonds, the corresponding Termination and the Conversion and (e) with regard to the Gillette Bonds, the corresponding Termination. The opinions delivered in connection with the Conversion and the Terminations are not to be interpreted as a reissuance of any of the original approving opinions as of the date of this Supplement to Official Statement.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to either the environmental tax or the branch profits tax, financial institutions, certain insurance companies, certain S Corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

MISCELLANEOUS

This Supplement to Official Statement has been approved by the Company for distribution by the Remarketing Agent to current Bondholders and potential purchasers of the Bonds. **THE ISSUERS MAKE NO REPRESENTATION WITH RESPECT TO AND HAVE NOT PARTICIPATED IN THE PREPARATION OF ANY PORTION OF THIS SUPPLEMENT TO OFFICIAL STATEMENT.**

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, vertically integrated electric utility company serving 1.8 million retail customers, including residential, commercial, industrial, irrigation and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, 74 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of 10,595 megawatts. PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through approximately 16,300 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 to balance and optimize the economic benefits of electricity generation, retail loads and existing wholesale transactions. The Company is subject to comprehensive state and federal regulation. The Company's subsidiaries support its electric utility operations by providing coal mining 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's 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, and compliance with, laws and regulations, including reliability and safety standards, affecting the Company's operations or 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 rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies and the Company's ability to recover costs in rates in a timely manner; changes in economic, industry or weather conditions, as well as demographic trends, new technologies and various conservation, energy efficiency and distributed generation measures and programs, that could affect customer growth and usage, electricity supply or the Company's ability to obtain long-term contracts with customers and suppliers; a high degree of variance between actual and forecasted load or generation that could impact the Company's hedging strategy and the cost of balancing its generation resources with its retail load obligations; performance and availability of the Company's generating facilities, including the impacts of outages and repairs, transmission constraints, weather, including wind

and hydroelectric conditions, and operating conditions; changes in prices, availability and demand for both wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generating capacity and energy costs; hydroelectric conditions and the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings that could have a significant impact on generating capacity and cost and the Company's ability to generate electricity; the effects of catastrophic and other unforeseen events, which may be caused by factors beyond the Company's control or by a breakdown or failure of the Company's operating assets, including storms, floods, fires, earthquakes, explosions, landslides, mining accidents, litigation, wars, terrorism and embargoes; 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 certain contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in commodity prices, interest rates and other conditions that affect the fair value of certain contracts; the impact of inflation on costs and the Company's ability to recover such costs in rates; increases in employee healthcare costs, including the implementation of the Affordable Care Act; 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; 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 Street, 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. 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, 2013.

2. 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and before the termination of the reoffering made by this Supplement to Official Statement (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 Street, 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

OFFICIAL STATEMENT DATED JANUARY 13, 1988

FIVE NEW ISSUES

Customized Purchase Bonds™*
CP Bonds™*

Subject to compliance by the Company and the Issuer of each issue of Bonds with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under present law (i) interest on each issue of Bonds will not be 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 related 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 (ii) interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Such interest will be taken into account, however, in computing the corporate alternative minimum tax, as more fully discussed under the heading "TAX EXEMPTION." Bond Counsel is also of the opinion that such interest is exempt from certain Montana and Wyoming taxes, as the case may be, as more fully discussed under the heading "TAX EXEMPTION" herein.

$164,700,000

Customized Purchase Pollution Control Revenue Refunding Bonds

(PacifiCorp Projects)

$17,000,000
Converse County, Wyoming
Series 1988
Due: January 1, 2014

$45,000,000
City of Forsyth, Rosebud County, Montana
Series 1988
Due: January 1, 2018

$41,200,000
City of Gillette, Campbell County, Wyoming
Series 1988
Due: January 1, 2018

$50,000,000
Sweetwater County, Wyoming
Series 1988A
Due: January 1, 2017

$11,500,000
Sweetwater County, Wyoming
Series 1988B
Due: January 1, 2014

Dated: January 1, 1988

Due: As stated above

Price: 100%

(Plus accrued interest, if any)

The Bonds of each issue will be limited obligations of the respective Issuer, payable solely from and secured by a pledge of payments to be made under a separate Loan Agreement between the respective Issuer and

PacifiCorp

From the date of initial authentication and delivery of the Bonds through January 14, 1993, unless earlier terminated as described herein, the Bonds of each issue will be payable from funds drawn under irrevocable Letters of Credit issued, with respect to the Converse Bonds, by the Seattle Branch of

The Sumitomo Bank, Limited

with respect to the Forsyth Bonds, by the Los Angeles Agency of

The Industrial Bank of Japan, Limited

with respect to the Gillette Bonds, by the New York Branch of

Deutsche Bank AG

and, with respect to both issues of Sweetwater Bonds, by the San Francisco Overseas Branch of

National Westminster Bank PLC

Under each Letter of Credit, the Trustee will be entitled to draw up to an amount sufficient to pay the principal of and, initially, up to 294 days' accrued interest on the related issue of Bonds to be used (a) to pay the principal of and interest on the Bonds when due and (b) to pay the purchase price of Bonds tendered by the Owners thereof as provided in the related Indenture.

Upon the terms and conditions described herein, the Bonds of each issue will be purchased on the demand of the Owners thereof and will be subject to redemption prior to maturity.

Initially, each Bond will bear interest from the date of actual authentication and delivery thereof at the CP Rate, determined by the Remarketing Agent, for the CP Period selected by the Owner thereof, as described herein.

The Bonds of each issue are subject to conversion to interest rates other than the CP Rate as more fully described herein under the caption "CONVERSION OF RATE." After such conversion, such Bonds may cease to be subject to purchase as described herein.

The Bonds of each issue are issuable as fully registered Bonds without coupons, initially in the denomination of $100,000 each or integral multiples thereof. Interest on the Bonds while the Bonds bear interest at a CP Rate will be payable on the CP Date with respect to each Bond by check mailed to the persons in whose names such Bond is registered at the close of business on the record date, which is the fourth day preceding the CP Date for CP Periods longer than three days and the first day of a CP Period in all other cases. Interest may, at the option of any Owner of Bonds in an aggregate principal amount of at least $1,000,000, be transmitted by wire transfer to such Owner. Principal of and premium, if any, on all Bonds will be payable at the office of The First National Bank of Chicago, as Trustee, in Chicago, Illinois.

The Bonds of each issue are offered when, as and if issued by the respective Issuers and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Chapman and Cutler, as Bond Counsel, the approval of certain matters by Stoel Rives Boley Jones & Grey, Counsel for the Company, and by Kutak Rock & Campbell, counsel for the Underwriter, and certain other conditions. It is expected that delivery of the Bonds will be made on or about January 14, 1988 in New York, New York against payment therefor.

E.F. Hutton & Company Inc.

Dated: January 13, 1988

* "Customized Purchase Bonds" and "CP Bonds" are trademarks of E. F. Hutton & Company Inc.

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 Official Statement 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 the Issuers, PacifiCorp, The Sumitomo Bank, Limited, The Industrial Bank of Japan, Limited, Deutsche Bank AG, National Westminster Bank PLC or the Underwriter. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers, The Sumitomo Bank, Limited, The Industrial Bank of Japan, Limited, Deutsche Bank AG, National Westminster Bank PLC or PacifiCorp since the date hereof. None of the Issuers has or will assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than that relating to itself under the caption "THE ISSUERS," all of which has been furnished by others. Upon issuance, the Bonds of each issue 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 Official Statement or, other than the respective Issuers, approved the Bonds of each issue for sale.

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APPENDIX A—PacifiCorp

APPENDIX B—The Sumitomo Bank, Limited

APPENDIX C—The Industrial Bank of Japan, Limited

APPENDIX D—Deutsche Bank AG

APPENDIX E—National Westminster Bank PLC

APPENDIX F—Alternative Interest Rates

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER 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.

$164,700,000
Customized Purchase Pollution Control Revenue Refunding Bonds
(PacifiCorp Projects)

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish certain information with respect to the offer by the respective issuers named below (individually, the "Issuer," and collectively, the "Issuers") of five separate issues of revenue refunding bonds (collectively, the "Bonds") in the aggregate principal amount of $164,700,000, as follows:

(i) $17,000,000 Converse County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1988 (the "Converse Bonds");

(ii) $45,000,000 City of Forsyth, Rosebud County, Montana Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1988 (the "Forsyth Bonds");

(iii) $41,200,000 City of Gillette, Campbell County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1988 (the "Gillette Bonds");

(iv) $50,000,000 Sweetwater County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1988A (the "Sweetwater Series A Bonds"); and

(v) $11,500,000 Sweetwater County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1988B (the "Sweetwater Series B Bonds," and, together with the Sweetwater Series A Bonds, the "Sweetwater Bonds").

Each issue of Bonds is being issued pursuant to a separate Trust Indenture dated as of January 1, 1988 (individually, an "Indenture," and collectively, the "Indentures") between the respective Issuer and The First National Bank of Chicago, as Trustee (the "Trustee"). The proceeds from the sale of the Bonds will be loaned to PacifiCorp (formerly Pacific Power & Light Company) (the "Company") pursuant to the terms of a separate Loan Agreement for each issue of Bonds dated as of January 1, 1988 (individually, an "Agreement," and collectively, the "Agreements") and used, together with certain other moneys, to provide for the refunding (the "Refunding") of the outstanding bonds (collectively, the "Prior Bonds") of each of the following issues of bonds: (a) in the case of the Converse Bonds, the $17,000,000 Converse County, Wyoming, Floating Rate Monthly Demand Pollution Control Refunding Revenue Bonds (PacifiCorp Project) Series 1984, previously issued to refund certain bonds of Converse County, Wyoming ("Converse"), the proceeds of which were used to finance a portion of the costs of the acquisition, construction, improvement and installation of certain air and water pollution control facilities located at the Dave Johnston coal-fired, steam electric generating plant in Converse County, Wyoming; (b) in the case of the Forsyth Bonds, the $45,000,000 City of Forsyth, Rosebud County, Montana, Floating Rate Monthly Demand Pollution Control Revenue Bonds (Pacific Power & Light Company Colstrip Project) Series 1981, the proceeds of which were used to finance a portion of the cost of the Company's undivided interest in the acquisition and improvement of certain air and water pollution control and solid waste disposal facilities at the Colstrip coal-fired, steam electric generating plant located near the City of Forsyth ("Forsyth") in Rosebud County, Montana; (c) in the case of the Gillette Bonds, the $41,295,000 outstanding principal amount of the City of Gillette, Campbell County, Wyoming, Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1984, the proceeds of which were used to finance a portion of the cost of the Company's undivided interest in the acquisition and improvement of certain air and water pollution control facilities at the Wyodak coal-fired, steam electric generating plant located near the City of Gillette ("Gillette") in Campbell County, Wyoming; and (d) in the case of the Sweetwater Series A Bonds and the Sweetwater Series B Bonds, respectively, the $50,000,000 Sweetwater County, Wyoming, Floating

Rate Monthly Demand Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1983 and the $11,500,000 Sweetwater County, Wyoming, Floating Rate Monthly Demand Pollution Control Refunding Revenue Bonds (PacifiCorp Project) Series 1984, the proceeds of which were used, respectively, to finance a portion of the Company's undivided interest (the "Sweetwater Project") in the acquisition and improvement of certain air and water pollution control facilities at the Jim Bridger coal-fired, steam electric generating plant located near Rock Springs in Sweetwater County, Wyoming ("Sweetwater"), and to refund certain prior bond issues of Sweetwater, the proceeds of which were used to finance a portion of the Sweetwater Project.

The Bonds of each issue will be limited, and not general, obligations of the Issuer thereof as described under the caption "THE BONDS—Limited Obligations." Under the Agreements, the Company is unconditionally obligated to pay amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Bonds (the "Loan Payments") and for payment of the purchase price of the Bonds.

The Bonds of each issue will be secured under a separate irrevocable Letter of Credit (individually, the "Letter of Credit," and, collectively, the "Letters of Credit"). The Converse Bonds will be secured by an irrevocable Letter of Credit to be issued by The Sumitomo Bank, Limited, a bank organized under the laws of Japan, acting through its Seattle Branch. The Forsyth Bonds will be secured by an irrevocable Letter of Credit to be issued by The Industrial Bank of Japan, Limited, a bank organized under the laws of Japan, acting through its Los Angeles Agency. The Gillette Bonds will be secured by an irrevocable Letter of Credit to be issued by Deutsche Bank AG, a bank organized under the laws of the Federal Republic of Germany, acting through its New York Branch, and the two issues of Sweetwater Bonds will be respectively secured by separate irrevocable Letters of Credit to be issued by National Westminster Bank PLC, a bank organized under the laws of England, acting through its San Francisco Overseas Branch. The Sumitomo Bank, Limited, The Industrial Bank of Japan, Limited, Deutsche Bank AG and National Westminster Bank PLC are hereafter referred to individually as the "Bank" and, collectively, as the "Banks." With respect to the Bonds of each issue, the Trustee will be entitled to draw under the related Letter of Credit up to (a) an amount equal to the principal amount of such Bonds to be used (i) to pay the principal of such Bonds, (ii) to enable E. F. Hutton & Company Inc., as Remarketing Agent (the "Remarketing Agent"), to pay the portion of the purchase price equal to the principal amount of such Bonds delivered or deemed delivered to it for purchase and not remarketed, (iii) to enable the Trustee to pay the portion of the purchase price equal to the principal amount of such Bonds delivered or deemed delivered to it for purchase, (iv) to enable the Trustee to pay the purchase price of Bonds not retained by an Owner on a CP Date (as hereafter defined) or (v) to enable the Company to purchase such Bonds in lieu of redemption under certain circumstances, plus (b) an amount equal to 294 days' accrued interest on such Bonds (calculated at an assumed maximum rate of 12% per annum), (i) to pay interest on such Bonds or (ii) to enable the Trustee or the Remarketing Agent to pay the portion of the purchase price of such Bonds properly delivered for purchase equal to the accrued interest, if any, on such Bonds. The Company is permitted under the Agreements and the Indentures to provide a letter of credit (the "Substitute Letter of Credit") issued by the same Bank which issued the Letter of Credit in substitution for which the Substitute Letter of Credit is to be provided and which is identical to such Letter of Credit except for (i) an increase or decrease in the Interest Coverage Rate (as hereafter defined), (ii) an increase or decrease in the Interest Coverage Period (as hereafter defined) or (iii) any combination of (i) and (ii). As used hereafter, "Letter of Credit" shall, unless the context otherwise requires, mean such Substitute Letter of Credit from and after the issuance date thereof. The Company also is permitted under the Agreements and Indentures to provide for the delivery of an alternate credit facility, including a letter of credit of a commercial bank or a credit facility from a financial institution, or any other credit support agreement or mechanism arranged by the Company (which may involve a letter of credit or other credit facility or first mortgage bonds of the Company or an insurance policy), the administration provisions of which are acceptable to the Trustee (an "Alternate Credit Facility"), to replace a Letter of Credit or provide for the termination of a Letter of Credit or any Alternate Credit Facility then in effect. The entity (other than the Company) obligated to make payments under an Alternate Credit Facility shall be referred to hereafter as the "Obligor on the Alternate Credit Facility." See "THE LETTERS OF CREDIT" and "THE BONDS—Purchase of Bonds."

The Bonds of each issue contain substantially the same terms and provisions as, but will be entirely separate from, the Bonds of the other issues. The Bonds of one issue will not be payable from or entitled to any revenues delivered to the Trustee in respect of Bonds of the other issues. The mechanism for determining the interest rate may result in a rate for the Bonds of one issue different from that of the Bonds of the other issues. Redemption of the Bonds of one issue may be made in the manner described below without redemption of the other issues, and a default in respect of the Bonds of one issue will not 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.

Brief descriptions of the Issuers, the Bonds, the Letters of Credit, the method by which the interest rate on the Bonds is changed, the Agreements and the Indentures are included in this Official Statement, including Appendix F hereto. Information regarding the business, properties and financial condition of the Company is included in Appendix A attached hereto. Brief descriptions of The Sumitomo Bank, Limited, The Industrial Bank of Japan, Limited, Deutsche Bank AG and National Westminster Bank PLC are included as Appendices B, C, D and E, respectively, hereto. The descriptions herein of the 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 and, during the initial offering period, at the principal offices of E. F. Hutton & Company Inc. and of Shearson Lehman Brothers Inc. in New York, New York.

THE ISSUERS

Forsyth is a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Montana. Forsyth is authorized by Sections 90-5-101 through 90-5-114, inclusive, of the Montana Code Annotated, as amended (the "Montana Act"), to issue the Forsyth Bonds for the purpose of refunding all of the related Prior Bonds, to enter into the related Indenture and the related Agreement and to secure such Bonds by an assignment to the Trustee of the payments to be made by the Company under the related Agreement and a pledge of other moneys deposited with the Trustee under the related Indenture.

Gillette is a municipal corporation and political subdivision, and Converse and Sweetwater are political subdivisions, duly organized and existing under the Constitution and laws of the State of Wyoming. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, of the Wyoming Statutes (1977), as amended (the "Wyoming Act"), Gillette, Converse and Sweetwater are authorized to issue their respective Bonds for the purpose of refunding all or a portion of the related Prior Bonds, to enter into the related Indenture and the related Agreement and to secure such Bonds by an assignment to the Trustee of the payments to be made by the Company under the related Agreement and a pledge of other moneys deposited with the Trustee under the related Indenture.

The Montana Act and the Wyoming Act are hereafter referred to collectively as the "Act."

The Bonds will be limited obligations of the respective Issuers as described under the caption "THE BONDS—Limited Obligations."

THE BONDS

The Bonds of each issue will be independent of the others, and a default in respect of one issue will not of itself constitute a default in respect of the other issues; however, the same occurrence may constitute a default with respect to more than one issue. The five issues of Bonds contain substantially the same terms and provisions, and the following is a summary of certain provisions common to the Bonds of the five issues. Reference is hereby made to the Bonds in their entirety for the detailed provisions thereof. All references in this description are to the documents or the Letters of Credit (or Alternate Credit Facilities) corresponding to the respective issues of Bonds.

General

The Bonds will be dated January 1, 1988 and will mature as set forth on the cover page hereof. Bonds authenticated prior to the first Interest Payment Date (as hereafter described) shall bear interest from the date of the first authentication and delivery of Bonds. Bonds authenticated on or after the first Interest Payment Date thereon shall bear interest from the Interest Payment Date next preceding the date of authentication thereof (except that if the Bonds bear interest at a Daily Interest Rate, as hereafter described, the Bonds shall bear interest from the day next succeeding the Interest Accrual Date, as hereafter described, next preceding such date of authentication), unless such date of authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from such date of authentication (or, if the Bonds bear interest at a Daily Interest Rate, from the day next succeeding the Interest Accrual Date next preceding such date of authentication); provided that if, as shown by the records of the Registrar (as hereinafter defined) interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds or, if no interest has been paid on the Bonds, the date of the first authentication and delivery of fully executed and authenticated Bonds under the Indenture. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates of interest borne by the Bonds during such time.

The First National Bank of Chicago is Trustee and Registrar under the Indenture and has its corporate trust office in Chicago, Illinois. First Chicago Trust Company of New York has been appointed agent of the Registrar under the Indenture. The Registrar may be removed or replaced by the Issuer at the direction of the Company.

Principal of, premium, if any, and interest on the Bonds are payable at the place or places and in the manner specified on the cover page of this Official Statement. Bonds may be transferred or exchanged for Bonds of authorized denominations at the corporate trust office in New York, New York of First Chicago Trust Company of New York, as agent of the Registrar, without cost, except for any tax or other governmental charge.

E. F. Hutton & Company Inc. has, at the direction of the Company, been appointed Remarketing Agent under the Indenture. The principal office of E. F. Hutton & Company Inc. is located in New York, New York. The Remarketing Agent may be removed or replaced by the Issuer at the direction of the Company and with the written consent of the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Issuer. For a description of the proposed acquisition of E. F. Hutton & Company Inc. by Shearson Lehman Brothers Inc. and of Shearson Lehman Brothers Inc. as successor Remarketing Agent, see the caption "UNDERWRITING" herein.

Interest on the Bonds

CP Rate. The Bonds shall initially bear interest at a CP Rate not exceeding 12% per annum, which is, with respect to each Bond for a CP Period, an interest rate on such Bond established as hereafter described. Such interest will be payable on the CP Date for such Bond. "CP Date" means, with respect to each Bond, the day next succeeding the last day of a CP Period. "CP Period" means, with respect to each Bond, each consecutive period (one to no more than 270 days, or one to 365 or 366 days, as applicable to a particular year, as determined by the Company, as described under the caption "THE LETTERS OF CREDIT—Substitute Letter of Credit") established pursuant to the Indenture during which such Bond shall bear interest at a particular CP Rate. "CP Date Parameters" means the parameters stated in Exhibit E to the Indenture regarding allowable CP Periods. On the date interest starts to accrue on the Bonds at a CP Rate and on each CP Date thereafter, except any CP Date that is a Conversion Date, the Remarketing Agent shall determine for each CP Period allowable under the CP Date Parameters the interest rate which, in the judgment of the Remarketing Agent, when borne by a Bond having such a CP Period would be the minimum interest rate necessary to enable the Remarketing Agent to sell such Bond on such date at a price equal to the principal amount thereof.

Each Bond shall bear interest during the CP Period selected for such Bond at a rate per annum equal to the interest rate determined as described above for such CP Period, or, in the event such Bond is not remarketed, the CP Rate shall be the CP Rate equal to the interest rate for the shortest allowable CP Period under the CP Date Parameters. If for any reason a CP Rate is not established

by the Remarketing Agent or the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any CP Period, the CP Rate for such CP Period shall equal the Floating Interest Index (as defined in the Indenture) determined by the Indexing Agent (as defined in the Indenture) as of the date such CP Rate was to have been determined.

Conversion to Alternative Rates. The method of determining interest payable on the Bonds may be converted from a CP Rate to another Floating Interest Rate (a Daily Interest Rate, a Weekly Interest Rate or a Monthly Interest Rate), a Tender Interest Rate or a Fixed Interest Rate (as each of those terms is described in Appendix F hereto) or from any such method of determination to any other method of determination under the conditions described below under the caption "CONVERSION OF RATE." The date on which the method of determining the interest on the Bonds is converted to another method is a "Conversion Date." Certain terms applicable to the Bonds at such time as the Bonds are not bearing interest at a CP Rate are described in Appendix F hereto.

Payment and Accrual of Interest. The Bonds shall bear interest from and including the date of first authentication and delivery thereof until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of the Indenture, whether at maturity, upon redemption, acceleration or otherwise, at the lesser of (i) the Maximum Rate (as hereafter defined) or (ii) the rate determined as described under the caption "THE BONDS—Interest on the Bonds" and in Appendix F hereto. "Maximum Rate" means (i) while a Letter of Credit (or an Alternate Credit Facility, if applicable) is outstanding, the lesser of 20% per annum or the Interest Coverage Rate and (ii) at all other times, 20% per annum. "Interest Coverage Rate" means the rate specified in the Letter of Credit (or an Alternate Credit Facility, if applicable), initially 12%, which is used to determine the maximum amount that can be drawn to pay interest on the Bonds (or the portion of the purchase price corresponding to accrued interest) (the "Interest Component") for the number of days specified in the Letter of Credit (the "Interest Coverage Period"), initially 294 days.

Interest accrued on the Bonds during each Interest Period (as hereafter described) shall be paid to the Owner as of the Record Date (as hereafter described) on the next succeeding Interest Payment Date and, while the Bonds bear a Floating Interest Rate, computed on the basis of a year of 365 or 366 days, as applicable to a particular year, for the actual number of days elapsed and, while the Bonds bear a Fixed Interest Rate or a Tender Interest Rate, computed on the basis of a year of 360 days consisting of twelve 30-day months.

"Authorized Denomination" means (i) $100,000 while the Bonds bear interest at a Floating Interest Rate and (ii) $5,000 while the Bonds bear interest at a Tender Interest Rate or a Fixed Interest Rate and, in all cases, integral multiples thereof.

"Business Day" means a day on which banks located in the city in which the principal office of the Bank (or of the Obligor on the Alternate Credit Facility, as the case may be) is located and banks located in the city in which the principal office of the Trustee is located are not required or authorized by law to remain closed and are not closed, and on which The New York Stock Exchange and the principal office of the Remarketing Agent are not closed.

"Interest Accrual Date" means, with respect to any Interest Period (i) during which interest on the Bonds accrues at a CP Rate, the last day of the applicable CP Period, (ii) during which interest on the Bonds accrues at a Daily Interest Rate, the last day of the calendar month, (iii) during which interest on the Bonds accrues at the Weekly Interest Rate or the Monthly Interest Rate (as hereafter described), the day next preceding the first Business Day of the next succeeding calendar month and (iv) during which interest on the Bonds accrues at a Tender Interest Rate or at a Fixed Interest Rate, the day next preceding January 1 and July 1 of each year.

"Interest Payment Date" means (a) during such time as the Bonds bear a Daily Interest Rate, the fifth day after the Interest Accrual Date, (b) during such time as the Bonds bear interest determined by any other method, the day next succeeding the Interest Accrual Date and (c) any Conversion Date.

"Interest Period" means the period from and including the date interest starts to accrue on the Bonds pursuant to a particular method of calculating interest to and including the next succeeding Interest Accrual Date and each succeeding period from the day next succeeding such Interest Accrual

Date to and including (i) the next succeeding Interest Accrual Date or (ii) if earlier, the day next preceding a Conversion Date.

"Owner" means the person or persons in whose name any Bond is registered on the books of the Issuer maintained by the Registrar.

"Record Date" means (a) when a Bond bears interest at a CP Rate, the third day next preceding the Interest Accrual Date, except for a Bond with a CP Period of less than four days, in which case the Record Date means the first day of such CP Period; (b) when the Bonds bear interest at a Daily Interest Rate, the Interest Accrual Date; (c) when the Bonds bear interest at a Weekly Interest Rate, the day on which the Weekly Interest Rate applicable to the Interest Accrual Date is determined; (d) when the Bonds bear interest at a Monthly Interest Rate, the third day next preceding the Interest Accrual Date; and (e) when the Bonds bear a Tender Interest Rate or a Fixed Interest Rate, the fifteenth day of the calendar month next preceding any Interest Payment Date.

Purchase of Bonds

Purchase While Bonds Bear CP Rate. On the CP Date with respect to a Bond, such Bond shall be purchased at a purchase price equal to the principal amount thereof upon delivery of the Bond (with all necessary endorsements) to the Remarketing Agent. If the Owner elects not to have his Bond purchased on such CP Date, the Owner shall give telephonic or written notice to the Remarketing Agent not later than 10:00 a.m., New York, New York time, on the Business Day next preceding the CP Date stating that the Owner elects not to have his Bond purchased on such CP Date and stating the next CP Period (which shall be within the CP Date Parameters) for such Bond, in which event and upon receipt of appropriate information confirmed in writing from the Remarketing Agent, the Trustee shall issue a new Bond to such Owner reflecting the next CP Period in exchange for the Bond then held by such Owner. Bonds to be purchased which are not delivered by the Owner thereof shall be deemed to have been delivered by the Owner thereof for purchase and to have been purchased, provided that there have been irrevocably deposited with the Trustee moneys in accordance with the Indenture in an amount sufficient to pay the purchase price of such Bonds. Moneys deposited with the Trustee for such purchase of Bonds shall be held in trust in a separate escrow account without liability for interest thereon and shall be paid to the Owners of such Bonds upon presentation thereof. The Trustee shall on the last day of each month give written notice to the Company whether Bonds have not been delivered, and upon direction to do so by the Company, the Trustee shall give notice by mail to each Owner whose Bonds are deemed to have been purchased that such moneys are on deposit at the principal office of the Trustee and that interest on such Bonds ceased to accrue on the applicable CP Date.

While Bonds Bear Alternative Rates. While a Bond bears a Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or a Tender Interest Rate, such Bond will be purchased on the demand of the Owner thereof, as described in Appendix F hereto.

Funds for Purchase of Bonds. On the date on which Bonds delivered to the Remarketing Agent or the Trustee for purchase as specified above under "THE BONDS—Purchase of Bonds—Purchase While Bonds Bear CP Rate" or as described in Appendix F hereto are to be purchased, such Bonds shall be purchased with immediately available funds at a purchase price equal to the principal amount thereof, plus accrued interest, if any. Funds for the payment of such purchase price shall be derived solely from the following sources in the order of priority indicated, neither the Trustee nor the Remarketing Agent being obligated to use funds from any other source:

(a) Available Moneys (as hereinafter defined) directed by the Company to be used to purchase Bonds as described in the Indenture;

(b) proceeds of the sale of such Bonds by the Remarketing Agent;

(c) Available Moneys or moneys drawn under the Letter of Credit or Alternate Credit Facility, as the case may be, for the purchase of defeased Bonds;

(d) proceeds of a drawing under the Letter of Credit or an Alternate Credit Facility, as the case may be, for such purchase; and

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

provided, however, that funds for the payment of the purchase price of defeased Bonds shall be derived only from the sources described in (b) and (c) above, in such order of priority.

"Available Moneys" means (a) during such time as a Letter of Credit or an Alternate Credit Facility which does not consist of first mortgage bonds of the Company is outstanding, (i) moneys on deposit in trust with the Trustee for a period of 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 is pending, (ii) proceeds of the issuance of refunding bonds if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Issuer and the Trustee (which opinion 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 will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event the Issuer or the Company were to become debtors under the United States Bankruptcy Code and (iii) any other money (x) approved in writing by Moody's Investors Service ("Moody's"), if the Bonds are then rated by Moody's, and Standard and Poor's Corporation ("S&P"), if the Bonds are then rated by S&P and (y) the application of which will not, in the written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Issuer and the Trustee (which opinion shall be delivered to the Trustee at or prior to the time of such application), constitute a voidable preference under Section 544 or 547 of the United States Bankruptcy Code in the event the Issuer or the Company were to become debtors under the United States Bankruptcy Code, and (b) at any time that a Letter of Credit or an Alternate Credit Facility is not outstanding, or if an Alternate Credit Facility consisting of first mortgage bonds of the Company is outstanding, any moneys on deposit with the Trustee and proceeds from the investment thereof.

Remarketing of Bonds

While the Bonds bear interest at a CP Rate, the Remarketing Agent shall offer for sale and use its best efforts to remarket any Bond to be purchased on a CP Date on such CP Date, any such remarketing to be made at a price equal to the principal amount thereof and for such CP Periods as are available within the CP Date Parameters. In the event more than one prospective purchaser has offered to purchase a Bond on a CP Date, the Remarketing Agent shall remarket the Bond to the purchaser from among such prospective purchasers who has selected the next CP Period for such Bond which will, in the Remarketing Agent's judgment, taking into consideration the overall yield curve determined as of such CP Date and projected market conditions during the 270 days or 365 or 366 days, as applicable to a particular year (depending on the maximum length of the then current Interest Coverage Period), next succeeding such CP Date, be the most beneficial for the financing program while the Bonds bear interest at a CP Rate. If a Bond cannot be remarketed, the CP Date for such Bond shall be the next Business Day. While Bonds bear a Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or a Tender Interest Rate, the Remarketing Agent will offer for sale and use its best efforts to remarket Bonds to be purchased on the dates and at the purchase prices as described in this Official Statement.

No Purchases or Sales After Certain Defaults. Anything in the Indenture to the contrary notwithstanding, (i) at any time when neither the Letter of Credit nor an Alternate Credit Facility, as the case may be, is outstanding, there shall be no purchases or sales of Bonds as described above, and (ii) at any time during which the Letter of Credit or an Alternate Credit Facility, as the case may be, is outstanding, there shall be no sales of Bonds, if, in either case, there shall have occurred and not have been cured or waived an Event of Default described in paragraph (a), (b), (c), (d) or (e) under the caption "THE INDENTURES—Defaults" of which the Remarketing Agent and the Trustee have actual knowledge.

Limited Obligations

The Bonds, together with the premium, if any, and interest thereon, are limited, and not general, obligations of the Issuer not constituting or giving rise to a pecuniary liability of the Issuer or any charge against its general credit or taxing powers nor an indebtedness of or a loan of credit thereof and shall be payable solely from the revenues to be received by the Issuer under the Agreement and from any other moneys made available to the Issuer for such purpose, including moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be. The Issuer shall not be obligated to pay the purchase price of the Bonds from any source.

Mandatory Redemption of Bonds

While the Bonds bear interest at a Tender Interest Rate or at a Fixed Interest Rate, the Bonds are subject to mandatory redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption within 180 days following a "Determination of Taxability" as described below. The Bonds shall be redeemed either in whole or in part in such principal amount that the interest payable on the Bonds remaining outstanding after such redemption would not be included in the gross income of any Owner thereof, other than an Owner of a Bond who is a "substantial user" of the Facilities (as hereafter defined) or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the "1954 Code").

A "Determination of Taxability" shall be 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 Internal Revenue Code of 1986 (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 (i) 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 Agreement, and (ii) 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 shall promptly give notice thereof to the Company, the Bank (or the Obligor on the 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 shall make the required demand for prepayment of the amounts payable under the Agreement and 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 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 Agreement, which failure results in a Determination of Taxability.

A DETERMINATION OF TAXABILITY MAY NOT OCCUR FOR A SUBSTANTIAL PERIOD OF TIME AFTER INTEREST FIRST BECOMES INCLUDIBLE IN THE GROSS INCOME OF OWNERS OF THE BONDS. IN SUCH EVENT, THE TAX LIABILITY OF OWNERS OF THE BONDS MAY EXTEND TO YEARS FOR WHICH INTEREST WAS RECEIVED ON THE BONDS AND FOR WHICH THE RELEVANT STATUTE OF LIMITATIONS HAS NOT YET RUN. MOREOVER, OWNERS OF BONDS WILL NOT RECEIVE ANY ADDITIONAL INTEREST, PREMIUM OR OTHER PAYMENT TO COMPENSATE THEM FOR FEDERAL INCOME TAXES, INTEREST AND PENALTIES WHICH MAY BE ASSESSED WITH RESPECT TO SUCH INTEREST.

Optional Redemption of Bonds

(a) During any CP Period, the Bonds shall be subject to optional redemption on any Business Day by the Issuer, in whole or in part (and if in part, in an Authorized Denomination), at the direction of the Company (but only with the timely written consent of the Bank or of the Obligor on the Alternate Credit Facility, as the case may be), at the principal amount thereof plus accrued interest, if any, on 30 days' prior notice from the Company to the Issuer and the Trustee.

(b) While the Bonds bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Monthly Interest Rate, the Bonds shall be subject to optional redemption on any Interest Payment Date by the Issuer, in whole or in part (and if in part, in an Authorized Denomination), at the direction of the Company (but only with the timely written consent of the Bank or of the Obligor on the Alternate

Credit Facility, as the case may be), at the principal amount thereof plus accrued interest, if any, with 30 days' prior notice from the Company to the Issuer and the Trustee.

(c) While the Bonds bear interest at a Fixed Interest Rate or at a Tender Interest Rate, the Bonds shall be subject to optional redemption on any Interest Payment Date by the Issuer, in whole or in part (and if in part, in an Authorized Denomination), at the direction of the Company (but only with the timely written consent of the Bank or of the Obligor on the Alternate Credit Facility, as the case may be), with 30 days' prior notice from the Company to the Issuer and the Trustee; provided, however, that the Bonds shall not be redeemable during the No-Call Period shown below, which shall begin on the first day of the Fixed Rate Period or Tender Period. On and during the six months after the Interest Payment Date that ends the No-Call Period (or the next succeeding Interest Payment Date, if the No-Call Period does not end on an Interest Payment Date), the Bonds shall be redeemable at the percentage of their principal amount shown in the Initial Redemption Price column plus interest accrued to the redemption date. The redemption price shall decline semiannually by the amount shown in the SemiAnnual Reduction in Redemption Price column until the Bonds shall be redeemable without premium in the year or portion of a year indicated in the No Premium column and in any later years or periods in the Fixed Rate Period or Tender Period.

Fixed Rate Period or Tender Period					
Equal to or Greater Than	**But Less Than**	**No-Call Period**	**Initial Redemption Price**	**SemiAnnual Reduction in Redemption Price**	**No Premium**
18 Years	N/A	5 Years	103 %	½%	9th Year
12 Years	18 Years	5 Years	103	½	9th Year
9 Years	12 Years	5 Years	102	½	8th Year
7 Years	9 Years	5 Years	101	½	7th Year
5 Years	7 Years	3 Years	101	½	5th Year
3 Years	5 Years	2 Years	100½	¼	4th Year
2 Years	3 Years	1 Year	100¼	¼	18th Month
1 Year	2 Years	6 Months	100⅛	⅛	12th Month
6 Months	1 Year	6 Months	100	N/A	N/A

If the Fixed Rate Period or Tender Period is less than six months, the Bonds will not be redeemable pursuant to this subparagraph. While a Letter of Credit or an Alternate Credit Facility is outstanding, the Company may only cause a redemption of Bonds pursuant to this subparagraph which would require a payment of a premium if on the date of the giving of notice of redemption the Trustee has Available Moneys in the Bond Fund or can draw under the Letter of Credit or an Alternate Credit Facility, as the case may be, in an amount sufficient to pay such premium due on the date of redemption. The initial Letter of Credit does not provide for drawings in respect of the amount of any such redemption premium.

If the interest rate borne by the Bonds is converted pursuant to the Indenture, and if in connection with such conversion the Company directs in writing to the Trustee and the Remarketing Agent pursuant to the Indenture that the foregoing schedule of premiums and No-Call Periods be revised and specifies the new premiums and No-Call Periods, the foregoing schedule of premiums and No-Call Periods shall be revised in accordance with such direction of the Company.

(d) At any time, the Bonds shall be subject to redemption by the Issuer in whole or in part (and if in part, in an Authorized Denomination), at the direction of the Company (but only with the timely written consent of the Bank if required by the Letter of Credit or, if applicable, of the Obligor on the Alternate Credit Facility if required by such Alternate Credit Facility), with 30 days' prior notice from the Company to the Issuer and the Trustee, at the principal amount thereof plus accrued interest to the redemption date, but without premium, if the Company shall deliver a certificate stating that one of the following events has occurred:

(i) the Company shall have determined that the continued operation of the Project (as defined in the Indenture) is impracticable, uneconomical or undesirable for any reason; or

(ii) the Company shall have determined that the continued operation of the pollution control facilities or the solid waste disposal facilities, as the case may be (the "Facilities"), at the steam

electric generating plant of which the Project is a part is impracticable, uneconomical or undesirable due to (A) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as the Facilities, or other liabilities or burdens with respect to the Facilities or the operation thereof, (B) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (C) destruction of or damage to all or part of the Facilities; or

(iii) all or substantially all of the Facilities or the Project shall have been condemned or taken by eminent domain; or

(iv) the operation of the Facilities or the Project shall have been enjoined or shall have otherwise been prohibited by, or shall conflict 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.

Redemption Upon Expiration or Termination of Letter of Credit or Alternate Credit Facility

Except for Bonds redeemed as described under "THE BONDS—Redemption Upon Conversion," the Bonds are subject to mandatory redemption by the Issuer, in whole, at a price equal to the principal amount thereof, plus accrued interest, if any, on the earlier of (i) the Interest Payment Date next preceding the date of the expiration of the term of the Letter of Credit or the term of the Alternate Credit Facility except as provided in the following clause (ii), or (ii) a Business Day not less than five days next preceding the Business Day next preceding the termination date of the Letter of Credit or Alternate Credit Facility specified by the Company in a notice given by the Company as described herein in the second paragraph under the caption "THE LETTERS OF CREDIT—Alternate Credit Facility," or in the second paragraph under the caption "THE LETTERS OF CREDIT—Termination of Letter of Credit or Alternate Credit Facility," provided that there shall not be so redeemed (a) Bonds delivered to the Remarketing Agent or the Trustee for purchase on such Interest Payment Date or on such Business Day or on any Business Day from the date of notice of such redemption through the date of such redemption, (b) Bonds with respect to which the Trustee shall have received written directions not to so redeem the same from the Owners thereof, (c) Bonds purchased or deemed to have been purchased pursuant to the Indenture as described below under "THE BONDS—Purchase by Company in Lieu of Redemption," and (d) Bonds issued in exchange for or upon the registration of transfer of Bonds referred to in the preceding clauses (a) and (b).

An Owner of Bonds may direct the Issuer not to redeem any Bond or Bonds owned by it by delivering to the Trustee at its principal office on or before the third Business Day preceding the date fixed for such redemption an instrument or instruments in writing executed by such Owner which, among other things, (i) specifies the numbers and denominations of the Bonds held by such Owner, (ii) specifically acknowledges each of the matters set forth in a notice given by the Trustee, and (iii) directs the Issuer not to redeem such Bonds. Any such instrument delivered to the Trustee shall be irrevocable with respect to the redemption for which such instrument was delivered and shall be binding upon subsequent Owners of such Bonds, including Bonds issued in exchange therefor or upon the registration of the transfer thereof.

Redemption Upon Conversion

The Bonds shall be subject to mandatory redemption by the Issuer, in whole, on a Conversion Date, at the principal amount thereof or, in the case of Bonds to be redeemed upon conversion from a Tender Interest Rate or a Fixed Interest Rate, at the percentage of their principal amount at which they would be redeemed as described above under paragraph (c) of "THE BONDS—Optional Redemption of Bonds" on the Conversion Date plus accrued interest, if any; provided that there shall not be so redeemed (a) Bonds delivered to the Remarketing Agent or the Trustee for purchase on such Conversion Date or on any Business Day from the date notice of such redemption is given through the date of such redemption, (b) Bonds with respect to which the Trustee shall have received written directions not to so redeem the same from the Owners thereof, (c) Bonds purchased or deemed to have been purchased pursuant to the Indenture as described below under "THE BONDS—Purchase by Company in Lieu of Redemption," and (d) Bonds issued in exchange for or upon the registration

of transfer of Bonds referred to in clauses (a) and (b) above. While a Letter of Credit or an Alternate Credit Facility is outstanding, the Company may only cause a redemption of Bonds pursuant to this paragraph which would require a payment of a premium if on the date of the giving of notice of redemption the Trustee can draw under the Letter of Credit or an Alternate Credit Facility, as the case may be, in an amount sufficient to pay such premium due on the date of redemption. The initial Letter of Credit does not provide for drawings in respect of the amount of any such redemption premium.

An Owner may direct the Issuer not to redeem any Bond or Bonds owned by it by delivering to the Trustee at its principal office on or before the third Business Day (sixth Business Day if the Bonds are to be converted to a Tender Interest Rate or a Fixed Interest Rate) preceding the date fixed for such redemption an instrument or instruments in writing executed by such Owner which, among other things, (i) specifies the numbers and denominations of the Bonds held by such Owner, (ii) specifically acknowledges each of the matters set forth in a notice given by the Trustee, and (iii) directs the Issuer not to redeem such Bonds. Any such instrument delivered to the Trustee shall be irrevocable with respect to the redemption for which such instrument is delivered and shall be binding upon subsequent Owners of such Bonds, including Bonds issued in exchange therefor or upon the registration of the transfer thereof.

Denomination Redemption

The Bonds or portions thereof are subject to mandatory redemption by the Issuer on the Interest Payment Date upon which the Bonds begin to accrue interest at a Floating Interest Rate following conversion from a Tender Interest Rate or a Fixed Interest Rate in such amounts so that all outstanding Bonds are in Authorized Denominations.

Purchase by Company in Lieu of Redemption

The Company shall have the right to purchase or cause to be purchased Bonds to be redeemed as described above under "THE BONDS—Redemption Upon Expiration or Termination of Letter of Credit or Alternate Credit Facility," "THE BONDS—Redemption Upon Conversion" and "THE BONDS—Denomination Redemption" at a purchase price equal to the principal amount of the Bonds to be so purchased plus accrued interest, if any, or in the case of a purchase on conversion from a Fixed Interest Rate or a Tender Interest Rate, the redemption price for redemption of such Bonds on the Conversion Date as described above under (c) of "THE BONDS—Optional Redemption of Bonds." Moneys for the payment of the purchase price shall be derived, in the following order of priority, from: (i) Available Moneys furnished by the Company for such purpose, (ii) proceeds of the sale of such Bonds, (iii) Available Moneys or moneys drawn under the Letter of Credit or Alternate Credit Facility, as the case may be, for the purchase of defeased Bonds, (iv) moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, for such purpose and (v) any other moneys furnished by the Company for such purpose; provided, however, that funds for the payment of the purchase price of defeased Bonds shall be derived only from the sources described in (ii) and (iii) above, in such order of priority; and provided further that if in connection with such redemption, the Letter of Credit or an Alternate Credit Facility which does not consist of first mortgage bonds of the Company is replaced with an Alternate Credit Facility consisting of first mortgage bonds of the Company or is not being replaced by any other Alternate Credit Facility, moneys for the payment of the purchase price of the Bonds may not be derived from (ii) above. Bonds to be so purchased pursuant to the Indenture on the date fixed for redemption of such Bonds which are not delivered on such date will nonetheless be deemed to have been delivered for purchase by the Owners thereof and to have been purchased pursuant to the Indenture. The Trustee shall hold moneys for such purchase of Bonds, without liability for interest thereon, for the benefit of the former Owner of the Bond on such date of purchase, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on such Owner's part under the Indenture or on, or with respect to, such Bond. Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within six months after such date of purchase shall be paid by the Trustee to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) to the extent of any amount payable under the Reimbursement Agreement (as defined below) and the balance to the Company upon the written direction of the Company, and thereafter the former Owners shall be entitled to look only to the Company for payment,

and then only to the extent of the amount so repaid, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Procedure for and Notice of Redemption

If less than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee, in such manner as the Trustee in its sole discretion may deem proper, in the principal amount designated by the Company or otherwise as required by the Indenture. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of each Bond by the minimum denomination in which Bonds are then authorized to be issued at the time of such redemption. 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. Upon presentation and surrender of such Bonds at the place or places of payment such Bonds shall be paid and redeemed. Notice of redemption shall be given by mail as provided in the Indenture, at least 10 days prior to the redemption date, provided that the failure to duly give notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other of the Bonds.

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

THE LETTERS OF CREDIT

The following is a brief description of each Letter of Credit and certain of the terms common to the Letters of Credit and the agreements dated as of January 1, 1988 between the Company and the Banks pursuant to which such Letters of Credit are issued (individually, a "Reimbursement Agreement" and, collectively, the "Reimbursement Agreements," which term shall also include the document pursuant to which an Alternate Credit Facility is issued). All references in this description are to the documents or the Letters of Credit (or Alternate Credit Facilities) corresponding to the respective issues of Bonds.

The Letter of Credit will be an irrevocable obligation of the Bank which will expire at the close of the Bank's business on January 14, 1993, unless earlier terminated or otherwise extended, to pay to the Trustee, upon request and in accordance with the terms thereof, up to (a) an amount equal to the outstanding principal amount of the Bonds to be used (i) to pay the principal of the Bonds, (ii) to enable the Remarketing Agent to pay the portion of the purchase price equal to the principal amount of Bonds delivered to it for purchase and not remarketed, (iii) to enable the Trustee to pay the portion of the purchase price equal to the principal amount of Bonds delivered to it for purchase, (iv) to enable the Trustee to pay the purchase price of Bonds not retained by an Owner on a CP Date or (v) to enable the Company to purchase Bonds in lieu of redemption under certain circumstances, plus (b) an amount equal to 294 days' accrued interest on the Bonds (calculated at a rate of 12% per annum and on the basis of a year of 365 days), to be used (i) to pay interest on the Bonds or (ii) to enable the Trustee or the Remarketing Agent to pay the portion of the purchase price of the Bonds properly delivered for purchase equal to the accrued interest, if any, on such Bonds. The Company is permitted under the Agreement and the Indenture to secure an extension of the Letter of Credit beyond the expiration date of the then current Letter of Credit, but the Bank is under no obligation to agree to such an extension.

The Bank's obligation under the Letter of Credit will be reduced to the extent of any drawings thereunder. However, with respect to a drawing by the Trustee to enable the Remarketing Agent or the Trustee to pay the purchase price of Bonds delivered for purchase and not remarketed, such amounts shall be immediately reinstated upon reimbursement. With respect to a drawing by the Trustee for the payment of interest on the Bonds, the amount that may be drawn under the Letter of Credit will be automatically reinstated to the extent of such drawing as of the close of business

on the ninth Business Day following such drawing unless the Bank shall have notified the Trustee within nine Business Days after such drawing that the Company has failed to reimburse the Bank or to cause it to be reimbursed for such drawing.

Upon an acceleration of the maturity of the Bonds due to an event of default under the Indenture, the Trustee will be entitled to draw on the Letter of Credit, if it is then in effect, to the extent of the aggregate principal amount of the Bonds outstanding, plus up to 294 days' interest accrued and unpaid on the Bonds, less amounts paid in respect of principal or interest for which the Letter of Credit has not been reinstated as described above.

Upon the earliest of (i) the close of business on January 14, 1993, unless otherwise extended pursuant to an agreement between the Bank and the Company, (ii) the making of a final drawing under the Letter of Credit, or (iii) the date the Trustee surrenders the Letter of Credit to the Bank for cancellation, the Letter of Credit shall expire (the "Expiration Date"). The Trustee agrees to surrender the Letter of Credit to the Bank, and not to make any drawing, after (i) 4:00 p.m. local time in the city of the office of the Bank that will issue the Letter of Credit on the Expiration Date, (ii) there are no Bonds outstanding under the Indenture, (iii) the first Business Day after the conversion of the interest rate on the Bonds to a Fixed Interest Rate, or (iv) a Substitute Letter of Credit or Alternate Credit Facility, as the case may be, has been delivered to the Trustee.

Alternate Credit Facility

At any time (with notice to the Bank or the Obligor on the Alternate Credit Facility, as the case may be) the Company may, at its option, provide for the delivery to the Trustee of an Alternate Credit Facility to replace the Letter of Credit or the Alternate Credit Facility then in effect, as the case may be. An Alternate Credit Facility may have an expiration date earlier than the maturity of the Bonds, but in no event shall such Alternate Credit Facility have an expiration date earlier than one year from the date of its delivery. The Company must furnish to the Trustee (i) an opinion of nationally recognized Bond Counsel ("Bond Counsel") stating that the delivery of such Alternate Credit Facility is authorized under the Agreement and complies with the terms thereof and will not cause the interest on the Bonds to become includible in the gross income of the Owners thereof for federal income tax purposes and (ii) written evidence from Moody's, if the Bonds are then rated by Moody's, or S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and that the delivery of the proposed Alternate Credit Facility will not, by itself, result in a reduction or withdrawal of its rating or ratings of the Bonds.

The Company may, however, at any time, provide for the delivery on any Business Day to the Trustee of an Alternate Credit Facility where the above-described evidence from Moody's or S&P's is not received, provided that the Company shall deliver to the Trustee, the Remarketing Agent, the Indexing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) a notice which (A) states (x) the effective date of the Alternate Credit Facility to be so provided and (y) the termination date of the Letter of Credit or Alternate Credit Facility which is to terminate (which termination date 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, (C) directs the Trustee to give notice of the call of the Bonds for redemption, in whole, on the Business Day next preceding the termination date of the Letter of Credit or Alternate Credit Facility which is to terminate (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 terminate, to the Obligor thereon on the next Business Day after the later of the effective date of the Alternate Credit Facility to be provided and the termination date of the Letter of Credit or Alternate Credit Facility which is to terminate and to thereupon deliver any and all instruments which may be reasonably requested by such Obligor. The Company shall furnish to the Trustee an opinion of Bond Counsel satisfying the requirement of the next preceding paragraph in connection with such delivery.

After the Interest Payment Date on which Bonds are to be redeemed as described in clause (i) in the first paragraph under "THE BONDS—Redemption Upon Expiration or Termination of Letter

of Credit or Alternate Credit Facility," the Company may, but is not obligated to, provide for delivery of an Alternate Credit Facility for payment of the principal of and interest on the Bonds. The Company shall furnish to the Trustee an opinion of Bond Counsel satisfying the requirement of the second preceding paragraph in connection with such delivery.

Substitute Letter of Credit

The Company may, at its option, at any time provide for the delivery to the Trustee of a Substitute Letter of Credit. No Substitute Letter of Credit may be delivered which:

(i) so long as the interest rate borne by the Bonds is a CP Rate, reduces the Interest Coverage Period to a period shorter than 294 days (during such time as CP Periods can be from one to not more than 270 days) or 389 or 390 days, as applicable to a particular year (during such time as CP Periods can be from one to 365 or 366 days, as applicable to a particular year);

(ii) so long as the interest rate borne by the Bonds is a Daily Interest Rate, a Weekly Interest Rate or a Monthly Interest Rate, reduces the Interest Coverage Period to a period shorter than 65 days;

(iii) so long as the interest rate borne by the Bonds is a Tender Interest Rate or a Fixed Interest Rate, reduces the Interest Coverage Period to a period shorter than 208 days;

(iv) decreases the Interest Coverage Rate below 12%; or

(v) increases the Interest Coverage Rate above the Maximum Rate.

The Company may, at its option, at any time direct in writing the Trustee and the Remarketing Agent to allow the selection of CP Periods of from one to no more than 365 or 366 days, as applicable to a particular year, or from one to no more than 270 days, but only if (for such time as CP Periods can be from one to 365 or 366 days, as applicable to a particular year) the Company provides for the delivery to the Trustee of a Substitute Letter of Credit which increases the Interest Coverage Period to 389 or 390 days, as applicable to a particular year.

Termination of Letter of Credit or Alternate Credit Facility

At any time, the Company may, at its option, provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect. The Company must furnish to the Trustee (i) an opinion of Bond Counsel stating that the termination of the Letter of Credit or Alternate Credit Facility is authorized under the Agreement and complies with the terms thereof and will not cause the interest on the Bonds to become includible in the gross income of the Owners thereof for purposes of federal income taxation and (ii) written evidence from Moody's, if the Bonds are then rated by Moody's, or S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the proposed termination of the Letter of Credit or Alternate Credit Facility and that such termination will not, by itself, result in a reduction or withdrawal of its rating or ratings of the Bonds.

The Company may, however, at any time, at its option, provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect when the above-described evidence from Moody's or S&P is not received, provided that the Company shall deliver to the Trustee, the Remarketing Agent, the Indexing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) a notice which (A) states the termination date of the Letter of Credit or Alternate Credit Facility which is to terminate, (B) directs the Trustee to give notice of the call of the Bonds for redemption, in whole, no later than the fifth day next preceding the Business Day next preceding the termination date of the Letter of Credit or Alternate Credit Facility which is to terminate (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 terminate to the Obligor thereon on the next Business Day after the termination date of the Letter of Credit or Alternate Credit Facility to be

terminated and to thereupon deliver any and all instruments which may be reasonably requested by such Obligor.

CONVERSION OF RATE

The Bonds of each issue will be independent of the others and a conversion to an Alternative Rate with respect to one issue will not necessarily result in a conversion with respect to the other issues; however, a conversion may occur with respect to more than one issue at the same time. The Bonds of each issue contain substantially the same terms and provisions, and the following is a summary of certain provisions common to the five issues. All references in this description are to the documents, the Bonds or the Letter of Credit relating to each issue of Bonds.

Conversion to Fixed Interest Rate, Tender Interest Rate or Floating Interest Rates. The interest rate borne by the Bonds (the type of interest rate in effect immediately prior to a conversion being herein called the "Existing Rate") shall be converted to a Fixed Interest Rate, a Tender Interest Rate, a Tender Interest Rate with a Tender Period of different length than the then current Tender Period or any of the Floating Interest Rates upon receipt by the Trustee of a written direction from the Company specifying the specific method of interest accrual on the Bonds and the effective date (which, if a Letter of Credit or an Alternate Credit Facility is outstanding, shall be a date at least 11 days prior to the Interest Payment Date next preceding the scheduled expiration date of the Letter of Credit or Alternate Credit Facility, as the case may be) of the conversion to such method of accrual, specifying changes, if any, to the Bond redemption prices and No-Call Periods and, if applicable, specifying the length of the Tender Period (which must be a period of six months or an integral multiple thereof, provided that the first Tender Period may be less than such period but must end on the day next preceding a January 1 or July 1). The Conversion Date must be (a) if the Existing Rate is a Floating Interest Rate other than a CP Rate, a Business Day not less than 30 days from the date of receipt by the Trustee of the written direction from the Company specified above or (b) if the Existing Rate is a CP Rate, a Business Day not less than 30 days from the date of receipt by the Trustee of the written direction from the Company specified above or (c) if the Existing Rate is a Tender Interest Rate, a January 1 or July 1 not less than 20 days after the receipt by the Trustee of the written notice specified above and not prior to the end of the No-Call Period for such Tender Period or (d) if the Bonds then bear a Fixed Interest Rate, a January 1 or July 1 not less than 20 days after the receipt by the Trustee of the written notice specified above and not prior to the end of the No-Call Period for such Fixed Rate Period. The written direction shall be accompanied by a written opinion, addressed to the Trustee, the Issuer, the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Remarketing Agent, of Bond Counsel selected by the Company and acceptable to the Trustee and acceptable to the Remarketing Agent stating that such conversion (i) is authorized or permitted by the Indenture, (ii) will not cause interest on the Bonds to become includible in the gross income of the Owners thereof for purposes of federal income taxation and (iii) will not violate the provisions of the Act or other applicable state law. The conversion of the interest rate borne by the Bonds shall not become effective unless on the Conversion Date the Trustee shall have received an opinion of such Bond Counsel dated the Conversion Date reaffirming the conclusions of the opinion accompanying the written direction of the Company initiating the conversion.

Inability To Convert. If for any reason a change in method of calculation of interest on the Bonds cannot proceed, the Bonds shall continue to bear interest calculated in the method applicable prior to the proposed change.

Notice to Owners of Conversion. The Trustee shall give notice by first-class mail to the Owners of Bonds not less than 10 days and not more than 15 days prior to the Conversion Date. Such notice shall state (i) that the method of determining the interest rate on the Bonds will be converted to an alternate method of determining the rate, (ii) the effective date of the alternate method of determining the rate, (iii) the procedures and dates involved in determining the rate and the procedure for notifying Owners of the interest rate, (iv) when interest on the Bonds will be payable after the effective date, (v) if the Trustee has been so notified by the Company, whether a Letter of Credit or an Alternate Credit Facility, as the case may be, will be in effect after such effective date and, if so, the issuer, the expiration terms and the interest coverage of the Letter of Credit or Alternate Credit Facility,

as the case may be, (vi) whether subsequent to such effective date the Owners of Bonds will no longer have the right to deliver Bonds to the Remarketing Agent or the Trustee for purchase, (vii) that the rating on the Bonds by Moody's, if the Bonds are then rated by Moody's, or S&P, if the Bonds are then rated by S&P, may be reduced or withdrawn, and (viii) that all outstanding Bonds not repurchased on or prior to the effective date will be redeemed on such effective date except Bonds with respect to which the Owner has directed the Issuer not to redeem the same in accordance with the Indenture.

THE AGREEMENTS

Each Agreement will operate independently of the others, and a default under one Agreement will not necessarily constitute a default under the other Agreements. The Agreements contain substantially identical terms, and the following is a summary of certain provisions common to the five Agreements. All references in this summary are to the documents, the Bonds or the Letters of Credit (or Alternate Credit Facilities) relating to each Agreement.

Loan Payments

As Loan Payments, 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; provided, however, that the obligation of the Company to make any such Loan Payment will be 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 or (ii) by the Obligor on the Alternate Credit Facility to the Trustee under the Alternate Credit Facility.

From the date of the original issuance of the Bonds to and including the Interest Payment Date next preceding the date of expiration or earlier termination of the Letter of Credit (or the Alternate Credit Facility, as the case may be), the Company will provide for the payment of the principal of the Bonds, upon redemption or acceleration, and interest on the Bonds when due, by the delivery of the Letter of Credit (or the Alternate Credit Facility, as the case may be) to the Trustee. The Trustee will be directed to draw moneys under the Letter of Credit (or the Alternate Credit Facility, as the case may be), in accordance with the provisions of the Indenture and the Letter of Credit (or the Alternate Credit Facility, as the case may be), to the extent necessary to pay the principal of, premium, if any, and interest on the Bonds if and when due. The initial Letter of Credit does not provide for drawings in respect of amounts of such redemption premium.

Payments to Remarketing Agent and Trustee

The Company will pay to the Remarketing Agent and the Trustee amounts equal to the amounts to be paid by the Remarketing Agent and the Trustee pursuant to the Indenture for the purchase of outstanding Bonds, such amounts to be paid by the Company to the Remarketing Agent and the Trustee, as the case may be, on the dates such payments are to be made; provided, however, that the obligation of the Company to make any such payment under the Agreement shall be reduced by the amount of any moneys available for such payments, including proceeds from the remarketing of the Bonds or moneys drawn under the Letter of Credit (or the Alternate Credit Facility, as the case may be).

From the date of the original issuance of the Bonds to and including the Interest Payment Date next preceding the date of the expiration or earlier termination of the Letter of Credit (or the Alternate Credit Facility, as the case may be), the Company will provide for the payment of the amounts to be paid by the Remarketing Agent or the Trustee for the purchase of Bonds by the delivery of the Letter of Credit (or the Alternate Credit Facility, as the case may be) to the Trustee. The Trustee will be directed to draw moneys under the Letter of Credit (or the Alternate Credit Facility, as the case may be), in accordance with the provisions of the Indenture and the Letter of Credit (or the Alternate Credit Facility, as the case may be), to the extent necessary for the purchase of Bonds.

Obligation Absolute

The Company's obligation to make Loan Payments and payments to the Remarketing Agent and the Trustee for the purchase of Bonds is absolute, irrevocable and unconditional and will not be subject

to any defense other than payment or to any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer, the Bank (or Obligor on an Alternate Credit Facility), the Trustee or the Remarketing Agent of any obligation to the Company.

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, Moody's, S&P and the Indexing Agent 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 will not take, or permit to be taken on its behalf, any action which would cause the interest on the Bonds to become includible in the gross income of Owners of the Bonds for purposes of federal income taxation 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 interest on the Bonds not to be includible in the gross income of the Owners thereof for purposes of federal income taxation. See "TAX EXEMPTION."

Assignment; Merger

With the consent of the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), the Company's interest in the Agreement may be assigned in whole or in part by the Company to another entity, subject, however, to the conditions that no assignment shall (a) cause the interest payable on the Bonds (other than Bonds held by a "substantial user" or "related person" within the meaning of Section 103(b)(13) of the 1954 Code) to become includible in the gross income of the Owners thereof for purposes of federal income taxation or (b) relieve (other than as described in the next succeeding paragraph) the Company from primary liability for its obligations to make the Loan Payments or to make payments to the Remarketing Agent or the Trustee with respect to the purchase of the Bonds or for any other of its obligations under the Agreement; and subject further to the condition that the Company shall have delivered to the Trustee and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) an opinion of counsel to the Company that such assignment complies with the provisions of this paragraph. The Company shall, within 30 days after the delivery thereof, furnish to the Issuer, the Bank (or Obligor on the 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.

The Company may enter into the transactions described in the Joint Proxy Statement/Prospectus of PacifiCorp and Utah Power & Light Company dated October 29, 1987 (the "Prospectus") filed as a part of a Registration Statement on Form S-4 with the Securities and Exchange Commission, Registration No. 33-18164, effective October 29, 1987, resulting in a Merger (as defined in the Prospectus) or Reincorporation (as defined in the Prospectus) and the Merger of the Company into PC/UP&L Merging Corp., an Oregon corporation (to be renamed "PacifiCorp"). After the effectiveness of the Merger or Reincorporation, PC/UP&L Merging Corp. will assume (either by operation of law or in writing) all of the obligations of the Company under the Agreement and all references to the Company in the Agreement shall mean PC/UP&L Merging Corp. (renamed "PacifiCorp").

The Company also may (a) consolidate with or merge into another domestic corporation (i.e., a corporation (i) incorporated and existing under the laws of one of the states of the United States or of the District of Columbia and qualified to do business in the State of Montana or the State of Wyoming, as the case may be, as a foreign corporation or (ii) incorporated and existing under the laws of the State of Montana or the State of Wyoming, as the case may be), 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, shall be the Company or as a result of the transaction shall assume (either by operation of law or in writing) all of the obligations of the Company under the 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 shall remain in existence and primarily liable on all of its obligations under the Agreement and the subsidiary or subsidiaries to which such assets shall be so conveyed shall guarantee in writing the performance of all of the Company's obligations under the Agreement.

Defaults

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

(a) a failure by the Company to make when due any Loan Payment or any payment required to be made to the Remarketing Agent or the Trustee for the purchase of Bonds, which failure shall have 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 other amount required to be paid under the Agreement or to observe and perform any other covenant, condition or agreement under the 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 Trustee and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) may agree to in writing) after written notice given to the Company and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) by the Trustee or to the Company, the Trustee and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) 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 shall 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 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, 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 Agreement (other than its obligations to make when due Loan Payments and payments to the Remarketing Agent or the Trustee for the purchase of Bonds and its obligation to maintain its existence), the Company shall not be deemed in default by reason of not carrying out such agreement or performing such obligation during the continuance of such inability.

Remedies

Upon the occurrence and continuance of any Event of Default described in (a) or (c) in the second preceding paragraph, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the Loan Payments shall, 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 Agreement and a rescission and annulment of the consequences thereof. See the caption "THE INDENTURES—Defaults."

Upon the occurrence and continuance of any Event of Default under the 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 enforce performance and observance of any obligation, agreement or covenant of the Company under the Agreement.

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

Amendments

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

THE INDENTURES

Each Indenture will operate independently of the others, and a default under one Indenture will not necessarily constitute a default under the others. The Indentures contain substantially identical terms, and the following is a summary of certain provisions common to the five Indentures. All references in this summary are to the documents, the Bonds or the Bond Fund relating to each Indenture.

Pledge and Security

Pursuant to the Indenture, the Loan Payments will be pledged by the Issuer to secure the payment of the principal of, and premium, if any, and interest on, the Bonds and all other amounts payable under the Indenture. The Issuer will also pledge and assign to the Trustee all its rights and interests under the Agreement (other than its rights to indemnification and reimbursement of expenses and certain other rights), 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 will have a prior claim on the Bond Fund for the payment of its compensation and expenses and for the repayment of any advances (plus interest thereon) made by it to effect performance of certain covenants in the Indenture and the Agreement (except that the Trustee will not have such priority with respect to amounts deposited in the Bond Fund from amounts drawn under the Letter of Credit or Alternate Credit Facility).

Application of Proceeds

Proceeds from the sale of the Bonds will be deposited with the trustee for the Prior Bonds and used for the Refunding.

Application of the Bond Fund

There is created under the Indenture a Bond Fund and therein established a Principal Account and an Interest Account. Loan Payments, amounts drawn by the Trustee under the Letter of Credit (or Alternate Credit Facility, as the case may be) for payment of the principal of, and interest on, the Bonds when due, 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 an arbitrage regulation agreement for each issue of Bonds among the Trustee, the related Issuer and the Company, 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 when due, or, in some circumstances, for payment of the purchase price of the Bonds, subject to the prior claim of the Trustee to the extent described in "THE INDENTURES—Pledge and Security."

Funds for the payment of the principal of, and premium, if any, and interest on, the Bonds shall be derived from the following sources in the order of priority indicated:

(a) Available Moneys;

(b) moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be; and

(c) any other moneys paid by the Company pursuant to the Agreement or any other moneys in the Bond Fund.

Investment of Funds

Moneys in the Bond Fund will, at the direction of the Company, be invested in securities or obligations specified in the Indenture, provided, however, that during the term of the Letter of Credit (or an Alternate Credit Facility, as the case may be) moneys drawn under the Letter of Credit (or an Alternate Credit Facility, as the case may be) shall be invested by the Trustee only in Government Obligations (as defined in the Indenture) with a term not exceeding 30 days. All income or other gain 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) a failure to pay the principal of, or premium, if any, on, any of the Bonds (other than Bonds pledged to the Bank (the "Pledged Bonds")) when the same becomes due and payable at maturity, upon redemption or otherwise;

(b) a failure to pay an installment of interest on any of the Bonds (other than Pledged Bonds) for a period of five days after such interest has become due and payable;

(c) a failure to pay amounts due to Owners of the Bonds who have delivered Bonds to the Remarketing Agent or the Trustee for purchase for a period of five days after such payment has become due and payable;

(d) the Trustee's receipt of notice from the Bank not later than the ninth Business Day following a drawing under the Letter of Credit that the Bank has not been reimbursed for such drawing;

(e) the Trustee's receipt of notice 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 (which may be caused by the failure of the Company to comply with any of its covenants and obligations thereunder);

(f) a failure by the Issuer to observe and perform any other covenant, condition or agreement contained in the Bonds or the Indenture (other than a failure described in clause (a), (b) or (c) above), which failure shall continue for a period of 90 days after written notice 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 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; and

(g) an "Event of Default" under the Agreement.

Remedies

(i) Upon the occurrence (without waiver or cure) of an Event of Default described in clause (a), (b) or (c) of the preceding paragraph or an Event of Default described in clause (g) of the preceding paragraph resulting from an "Event of Default" under the Agreement as described under clause (a) or (c) of "THE AGREEMENT—Defaults" herein, the Trustee may (and upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding the Trustee must), or (ii) upon the occurrence (without waiver or cure) of an Event of Default described in clause (d) or (e) of the preceding paragraph, the Trustee must, by written notice to the Issuer, the Company and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), declare the Bonds to be immediately due and payable, whereupon they shall, without further action, become and be immediately due and payable and, during the period the Letter of Credit (or Alternate Credit Facility, as the case may be) is in effect, with interest on the Bonds accruing to the Bond Payment Date (as defined in the Indenture) established by the Trustee pursuant to the Indenture, anything in the Indenture or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice thereof to the Issuer, the Company and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and shall give notice by first-class mail thereof to Owners of the Bonds, and the Trustee shall 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 to the Bond Payment Date.

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

shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall 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 shall 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 shall be 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 shall have become due by said declaration) shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Issuer and the Company and shall give notice thereof to Owners of the Bonds by first-class mail; but no such waiver, rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of the second preceding paragraph are, further, subject to the condition that, if an Event of Default described in clause (d) or (e) of "THE INDENTURE—Defaults" shall have occurred and if the Trustee shall thereafter have received notice from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (x) that the notice which caused such Event of Default to occur has been withdrawn and (y) 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 shall be deemed waived and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Issuer, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), the Company and, prior to conversion to a Fixed Interest Rate, the Remarketing Agent, and shall give notice thereof to all Owners of the outstanding Bonds (if such Owners were notified of the acceleration) by first-class mail; but no such waiver, rescission and annulment shall 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, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds outstanding and receipt of indemnity to its satisfaction shall, pursue any available remedy to enforce the rights of the Owners of the Bonds and require the Company, the Issuer or the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) to carry out its agreements, bring suit upon the Bonds, require the Issuer to account as if it were the trustee of an express trust for the Owners of the Bonds or enjoin any acts or things which may be unlawful, or in violation of the rights of the Owners of the Bonds. 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) 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 under the Indenture or exercising any trust or power conferred on the Trustee upon furnishing satisfactory indemnity to the Trustee and provided that such direction shall not result in any personal liability of the Trustee.

No Owner of any Bond will have any right to institute suit to execute 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 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 the Owner of any Bond to receive payment of the principal of, premium, if any, and interest on his 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 date, will not be impaired or affected without the consent of such Owner of the Bonds.

Defeasance

All or any portions of Bonds (in Authorized Denominations) shall, 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 shall have given, or the Company shall have given to the Trustee in form satisfactory to it irrevocable instructions to give, notice of redemption of such Bonds or portions thereof;

(b) there shall have been deposited with the Trustee moneys (which constitute Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility) in an amount as shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due (which amount of interest to become due shall be calculated at the Maximum Rate) on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be;

(c) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding 30 days, the Issuer at the direction of the Company shall have 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 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 interest on said Bonds or portions thereof; and

(d) the Trustee shall have received written evedence 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, if it applies to less than all of the Bonds then Outstanding, will not result in a reduction or withdrawal of the rating on the Bonds by Moody's or S&P, as the case may be.

Moneys deposited with the Trustee as described above shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of 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, shall, 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 shall be 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 (i) the registration and exchange of Bonds, (ii) the delivery of Bonds to the Remarketing Agent or the Trustee for purchase and the related obligations of the Remarketing Agent and the Trustee with respect thereto, (iii) the mandatory redemption of the Bonds in connection with the expiration of the term of the Letter of Credit (or the Alternate Credit Facility, as the case may be) and (iv) payment of the Bonds from such moneys, shall 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, further, that the provisions with respect to registration and exchange of Bonds shall 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 shall not apply and the following two paragraphs shall be applicable.

Any Bond shall 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, acceleration or upon redemption as provided in the Indenture), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) 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 (2) Government Obligations purchased with Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, 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, and (b) all necessary and proper fees, compensation and expenses of the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. The provisions of clause (2) of this paragraph shall 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 caption "THE BONDS—Purchase of Bonds" and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond. At such times as a Bond shall be deemed to be paid thereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have 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 shall have 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

The Trustee may be removed, and a successor Trustee appointed, (i) by the Issuer, under certain circumstances, and (ii) with the prior written consent of the Bank (which consent, if unreasonably withheld, shall not be required), by the Owners of not less than a majority in principal amount of Bonds at the time outstanding.

Modifications and Amendments

The Indenture may be modified or amended by supplemental indentures without the consent of or notice to the Owners of the Bonds 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 under the Indenture or to surrender any right or power reserved or conferred upon the Issuer which shall not 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 Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture in any other respect which, in the judgment of the Trustee, is not adverse to the Owners of the Bonds; (f) to change the method for determining the Floating Interest Index or the Fixed Interest Index, to implement a conversion of an interest rate 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 depositary to accept tendered Bonds in lieu of the Remarketing Agent; (h) 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 cause interest on the Bonds to become includible in the gross income of the Owners thereof for purposes of federal income taxation; (i) to secure or maintain a rating for the Bonds in both the highest

short-term or commercial paper debt Rating Category (as defined in the Indenture) and in either of the two highest long-term debt Rating Categories; and (j) to provide demand purchase obligations to cause the Bonds to be authorized purchases for Investment Companies. Notwithstanding the foregoing, notice shall be given to the Owners of the Bonds of any supplemental indenture changing the method of determining the Floating Interest Index or the Fixed Interest Index.

Except for supplemental indentures entered into for the purposes described in the preceding paragraph, the Indenture will not be modified or amended without the consent of the Owners of not less than 60% in aggregate principal amount of Bonds outstanding, who shall have the right to consent to and approve any supplemental indenture; provided that, unless approved in writing by 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, premium, if any, or interest on any Bond, a change in the terms of the purchase thereof by the Remarketing Agent or 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 receipts and revenues of the Issuer under the Agreement ranking prior to or on a parity with the 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 Agreement. No amendment of the Indenture shall be effective without the prior written consent of the Company and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be).

Amendment of the Agreement

Without the consent of or notice to the Owners of the Bonds, the Issuer may amend the Agreement, and the Trustee may consent thereto, as may be required (a) by the provisions of the Agreement and the Indenture, (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity, (c) in connection with any other change therein which is not materially adverse to the Owners of the Bonds or (d) to secure or maintain a rating for the Bonds in both the highest short-term or commercial paper debt Rating Category and in either of the two highest long-term debt Rating Categories. The Issuer and the Trustee will not consent to any other amendment of the Agreement without the written approval or consent of 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 shall permit, or be construed as permitting, a change in the obligations of the Company to make Loan Payments or payments to the Trustee or Remarketing Agent for the purchase of Bonds. No amendment of the Agreement will become effective without the prior written consent of the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Company.

UNDERWRITING

E.F. Hutton & Company Inc., as Underwriter, has agreed to purchase the Bonds of each issue from the Issuer thereof at a purchase price of 100% of the principal amount thereof. The Underwriter is committed to purchase all of the Bonds of an issue if any are purchased.

The Company has agreed to pay the Underwriter an aggregate fee of $576,450 and indemnify the Underwriter against certain liabilities, including liabilities under the federal securities laws. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

On December 2, 1987, Shearson Lehman Brothers Holdings Inc. ("Holdings"), the parent company of Shearson Lehman Brothers Inc. ("Shearson Lehman") and The E.F. Hutton Group Inc. ("E.F. Hutton Group"), the parent company of E.F. Hutton & Company Inc. ("E.F. Hutton"), entered into an agreement, amended as of December 28, 1987 (the "Agreement"), pursuant to which Holdings agreed to acquire all the outstanding shares of E.F. Hutton Group common stock. Pursuant to a tender offer for certain of the outstanding shares of E.F. Hutton Group common stock which expired January 12, 1988, 32,144,465 shares were tendered and Holdings has agreed to purchase 29,610,000 shares or 90%

of E.F. Hutton Group's common stock outstanding and available for tender. As permitted by the terms of the Agreement, Holdings intends to assign its right to purchase the shares to Shearson Lehman. Following the initial merger of a newly-formed, wholly-owned subsidiary of Shearson Lehman into E.F. Hutton Group, E.F. Hutton Group will merge into Shearson Lehman as soon as practicable. The proposed acquisition and merger of E. F. Hutton Group with and into Shearson Lehman is expected to occur within the first three-quarters of 1988. Upon the effectiveness of the merger of E.F. Hutton Group with and into Shearson Lehman, the surviving corporation will assume all of the obligations of E.F. Hutton as Underwriter, as Remarketing Agent and as Indexing Agent with respect to the Bonds of each issue.

TAX EXEMPTION

The Code contains a number of requirements and restrictions which apply to each issue of Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Company and each of the Issuers have covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on each issue of Bonds to be excludible from gross income. Failure to comply with certain of such requirements may cause interest on the related issue or issues of Bonds to become subject to federal income taxation retroactive to the date of issuance of such Bonds.

Subject to the condition that the Company and the related Issuer comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on each issue of Bonds will 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 related 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 each issue of Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations (since the Prior Bonds were issued prior to August 8, 1986). Such interest will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations. The AMT is levied for taxable years beginning after December 31, 1986 in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S corporations, Regulated Investment Companies, Real Estate Investment Trusts and REMICs) is an amount equal to 50% of the excess of such corporation's "adjusted net book income" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). For taxable years beginning after 1989, such adjustment item will be 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). Both "adjusted net book income" and "adjusted current earnings" would include all tax-exempt interest, including interest on each issue of Bonds.

In rendering its opinion with respect to each issue of Bonds, Bond Counsel will rely upon certifications of the Company with respect to certain material facts solely within the Company's knowledge about the Project relating to such issue of Bonds and to the application of the proceeds of such issue of Bonds and the proceeds of the related issue of Prior Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to either the environmental tax or the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of Bonds should consult their tax advisors as to applicability of any such collateral consequences.

In the opinion of Chapman and Cutler, Bond Counsel, under present Montana law, interest on the Forsyth Bonds is exempt from individual income taxes imposed by the State of Montana.

In the opinion of Chapman and Cutler, Bond Counsel, under present Wyoming law, the State of Wyoming imposes no income taxes which would be applicable to the Converse Bonds, the Gillette Bonds or the two issues of the Sweetwater Bonds.

Except as described above, Bond Counsel expresses no opinion as to whether the Bonds will be subject to any state or local taxes under applicable state or local law. Prospective purchasers of Bonds should consult their tax advisors regarding the applicability of any such state or local taxes.

CERTAIN LEGAL MATTERS

The validity of the Bonds will be passed upon by Chapman and Cutler, Bond Counsel, and the Underwriter's obligation to purchase any issue of the Bonds is subject to the issuance of Bond Counsel's opinion with respect thereto. Certain legal matters will be passed upon for the Company by Stoel Rives Boley Jones & Grey, as Counsel for the Company, and for the Underwriter by Kutak Rock & Campbell, as Counsel to the Underwriter. The validity of the Letter of Credit relating to the Converse Bonds will be passed upon for The Sumitomo Bank, Limited, by its United States counsel, Preston, Thorgrimson, Ellis & Holman, and by its Japanese counsel, Nishi, Tanaka & Takahashi. The validity of the Letter of Credit for the Forsyth Bonds will be passed upon for The Industrial Bank of Japan, Limited, by its United States counsel, Lillick McHose & Charles, and by its Japanese counsel, Tokyo Kokusai Law Offices. The validity of the Letter of Credit for the Gillette Bonds will be passed upon for Deutsche Bank AG by its United States counsel, White & Case, and by its Central Legal Department. The validity of the Letters of Credit for the Sweetwater Bonds will be passed upon for National Westminster Bank PLC by its United States counsel, Lillick McHose & Charles, and by its English counsel, Wilde Sapte.

Chapman and Cutler has represented other parties in matters involving subsidiaries of the Company where legal fees of Chapman and Cutler have been paid by such subsidiaries.

MISCELLANEOUS

The attached Appendices are an integral part of this Official Statement and must be read together with all of the balance of this Official Statement.

The distribution of this Official Statement has been duly consented to by each Issuer. Each Issuer, however, has not reviewed and is not responsible for any information set forth herein except that information under the heading "THE ISSUERS" insofar as it relates to each such Issuer.

APPENDIX A

PACIFICORP

PacifiCorp is a diversified enterprise which conducts four separate businesses: electric operations; telecommunications; mining and resource development; and financial services. To give recognition to its diversification into areas other than those relating to a regulated utility, the Company's name was changed to PacifiCorp from Pacific Power & Light Company at its annual meeting of stockholders on June 13, 1984. The Company conducts its electric operations under the name of Pacific Power & Light Company ("Pacific Power"). Pacific Power furnishes electric service in six western states. A subsidiary of the Company, Pacific Telecom, Inc., provides telecommunications services in Alaska, six other western states and Wisconsin and is engaged in other nonregulated activities through its subsidiaries and equity investees. Another subsidiary, NERCO, Inc., is engaged in surface coal and precious metals mining, minerals and precious metals exploration, and oil and gas exploration and development in several regions of the United States. Another subsidiary, PacifiCorp Financial Services Inc., is primarily engaged in the leasing of equipment, secured lending and general investment activity.

The principal executive offices of the Company are located at 1600 Pacific First Federal Center, 851 Southwest Sixth Avenue, Portland, Oregon 97204; the telephone number is (503) 464-6000.

PENDING MERGER

The shareholders of PacifiCorp and Utah Power & Light ("UP&L") approved on December 15, 1987 a merger of both companies into PC/UP&L Merging Corp., an Oregon corporation (to be renamed "PacifiCorp"). The merger is described in the Joint Proxy Statement/Prospectus of PacifiCorp and Utah Power & Light Company dated October 29, 1987, filed as a part of a Registration Statement on Form S-4 with the Securities and Exchange Commission, Registration No. 33-18164, effective October 29, 1987. PacifiCorp and UP&L are currently seeking the regulatory approvals required to effect the merger. UP&L is an electric utility with its principal executive offices located in Salt Lake City, Utah and conducts its electric utility operations in the States of Utah, Idaho and Wyoming.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission. Such reports, proxy statements and other information may be inspected and copied at the offices of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549; Room 1102, Jacob K. Javits Building, 26 Federal Plaza, New York, New York 10007; Suite 500F, 15757 Wilshire Boulevard, Los Angeles, California 90036; and Room 1204, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604. Copies of such material may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Reports, proxy material and other information concerning the Company may also be inspected at the New York and Pacific Stock Exchanges.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Securities and Exchange Commission are incorporated in this Appendix by reference:

(a) Annual Report on Form 10-K for the year ended December 31, 1986.

(b) Quarterly Report on Form 10-Q for the quarter ended March 31, 1987.

(c) Quarterly Report on Form 10-Q for the quarter ended June 30, 1987.

(d) Quarterly Report on Form 10-Q for the quarter ended September 30, 1987.

(e) Proxy statement dated June 4, 1987 relating to the Company's annual meeting of stockholders held on July 7, 1987.

(f) Current Reports on Form 8-K dated May 7, 1987 and June 4, 1987.

(g) Registration Statement on Form S-4, effective October 29, 1987.

All reports filed pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and prior to the termination of the offering made by this Official Statement shall be deemed to be incorporated by reference in this Appendix A and to be a part hereof from the date of filing such documents.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Official Statement has been delivered, on the request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated herein by reference, other than exhibits to such documents. Requests for such copies should be directed to Robert F. Lanz, Vice President and Treasurer, PacifiCorp, 1600 Pacific First Federal Center, 851 Southwest Sixth Avenue, Portland, Oregon 97204. The telephone number is (503) 464-6110.

The information contained and incorporated by reference in this Appendix A to the Official Statement has been obtained from the Company. The Issuers and the Underwriter make no representation as to the accuracy or completeness of such information.

APPENDIX B

THE SUMITOMO BANK, LIMITED

The Sumitomo Bank, Limited ("Sumitomo") is a Japanese banking corporation organized under the banking law of Japan. Sumitomo was formally established in 1895, although its earliest beginnings date back about 400 years to the early 17th century when Masatomo Sumitomo started certain businesses in the old capital of Kyoto.

The main business of Sumitomo is providing financial services to individuals, corporations and governments. Such services include accepting deposits, processing short- and medium-term loans, effecting money transfers and underwriting Japanese government bonds, national and local, as well as a wide variety of other services in both domestic and international financial markets. With the growth of the multinational corporation, Sumitomo has expanded its international services well beyond the traditional areas of foreign trade and exchange.

Sumitomo is the second largest bank in the world as well as in Japan in terms of assets. As of March 31, 1987, Sumitomo had total assets of approximately U.S. $265 billion, deposits of approximately U.S. $179 billion, loans and bills discounted outstanding of approximately U.S. $136 billion and total stockholders' equity of approximately U.S. $5 billion on a consolidated basis.

Sumitomo took its first step into international banking by concluding a correspondent agreement with an overseas bank to handle remittance from Japanese citizens living in Hawaii. Shortly thereafter, Sumitomo was among the first Japanese commercial banks to establish an international network. In 1916, Sumitomo established its first overseas branch in San Francisco. Since that time, Sumitomo has expanded its international network to 16 branches located in New York, London, Hong Kong, Dusseldorf, Madrid, Singapore, Brussels, Chicago, Seattle, Panama, Seoul, Milan, Barcelona, Houston, Cayman and San Francisco; 23 representative offices located in Toronto, Vienna, Jakarta, Mexico City, Tehran, Cairo, Bahrain, Sydney, Buenos Aires, Bangkok, Paris, Beijing, Kuala Lumpur, Melbourne, Caracas, Zurich, Guangzhou, Atlanta, Stockholm, Frankfurt, Birmingham, Shanghai and Dailian; eight subsidiaries, The Sumitomo Bank of California, Banco Sumitomo Brasileiro S.A., Sumitomo International Finance A.G., Sumitomo Finance Overseas, S.A., Sumitomo Finance (Asia) Limited, Sumitomo Perpetual Australia Limited, Gotthard Bank and Sumitomo Finance (Middle East) E.C.; and seven principal affiliates. This network is supplemented by correspondent banking relationships with over 1,500 institutions.

Sumitomo will provide without charge to each person to whom this Official Statement is delivered, upon the request of any such person, a copy of its Annual Report. Written requests should be directed to: The Sumitomo Bank, Limited, Seattle Branch, Suite 4600, 1001 Fourth Avenue Plaza, Seattle, Washington 98154, Attention: Loan Department.

APPENDIX C

THE INDUSTRIAL BANK OF JAPAN, LIMITED

The Industrial Bank of Japan, Limited (IBJ) was incorporated as a quasi-governmental financial institution on March 27, 1902, under Japanese law. After World War II, IBJ's legal status was changed to that of a private corporation operating under the Long-Term Credit Bank Law, enacted in 1952.

The Long-Term Credit Bank Law provides for the establishment of banks whose specific purpose is to provide long-term funds for Japanese industry, defined to include loans having maturities of more than six months. This law further provides that long-term credit banks finance their operations primarily by the sale of their own debentures. IBJ is also engaged in various securities activities and provides international banking services, including foreign exchange trading.

IBJ is the oldest and largest of Japan's long-term credit banks and, in terms of deposits and debentures, is also one of the largest banks in Japan. According to the July 1987 issue of "Institutional Investor," IBJ was the eighth largest bank in the world in terms of assets. On March 31, 1987, on a nonconsolidated basis, IBJ had total assets of approximately US$194 billion, total loans and bills discounted outstanding of approximately US$106 billion, total debentures and deposits of approximately US$154 billion, and total shareholders' equity of approximately US$3 billion.

In addition to its 24 domestic branches, IBJ has overseas branches in New York, Chicago, London, Singapore, Paris and Hong Kong; an agency in Los Angeles; representative offices in Atlanta, Houston, San Francisco, Washington, D.C., Bahrain, Bangkok, Beijing, Dalian, Dusseldorf, Frankfurt/Main, Guangzhou, Jakarta, Kuala Lumpur, Madrid, Melbourne, Mexico City, Panama, Rio de Janeiro, Sao Paulo, Shanghai, Sydney and Toronto; and overseas subsidiaries in New York, London, Frankfurt/Main, Luxembourg, Zurich, Hong Kong, Toronto, Jakarta, Perth and Curacao. IBJ is publicly owned, and its shares are listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.

IBJ will provide without charge to each person to whom this Official Statement is delivered, upon the request of any such person, a copy of its latest Annual Report, prepared in accordance with Japanese law and accounting principles. Written requests should be directed to: The Industrial Bank of Japan, Limited, Los Angeles Agency, 800 West Sixth Street, Los Angeles, California 90017, Attention: PacifiCorp Account Manager.

APPENDIX D

DEUTSCHE BANK AG

Deutsche Bank AG, New York Branch, is a New York State-licensed branch of Deutsche Bank AG (the "Bank"). The Bank is West Germany's largest banking institution. It is the parent company of a group consisting of commercial banks, mortgage banks, investment banking companies and specialized institutions. The Bank is represented in over 500 towns and cities in the Federal Republic of Germany through a network of more than 1,100 branches and through a subsidiary in each of Berlin and the Saarland. The foreign network of the group, which is worldwide, consists of 15 branches, 17 representative offices and 12 wholly-owned subsidiaries of the Bank, including Deutsche Bank (Asia) AG with 16 branches and subsidiaries, and Banca d'America e d'Italia S.p.A., Milan, of which the Bank holds 98.3% of the voting shares, with 2 subsidiaries and 99 branches.

As of December 31, 1986, the group had total assets of DM257.2 billion (US$133.8 billion), total loans of DM179.8 billion (US$93.5 billion), total funds from outside sources of DM233.8 billion (US$121.6 billion) and capital and reserves of DM10.0 billion (US$5.2 billion).

Upon request therefor, the Bank will provide without charge to each person to whom this Official Statement is delivered a copy of the Annual Report of the Bank, which contains the consolidated statements of the Bank for the fiscal year ended December 31, 1986. Written requests should be directed to: Deutsche Bank AG, New York Branch, Post Office Box 890, New York, New York 10101, Attention: Management.

APPENDIX E

NATIONAL WESTMINSTER BANK PLC

National Westminster Bank PLC (the "Bank"), together with its subsidiaries (the "Group"), is engaged in a wide range of banking, financial and related activities in the United Kingdom and throughout the world.

Based on consolidated total assets and deposits, the Group was the largest banking group in the United Kingdom at December 31, 1986 and is among the larger international banking groups in the world. At December 31, 1986 the Group reported consolidated total assets of £83.3 billion, consolidated total deposits of £69.3 billion and consolidated ordinary shareholders' equity of £4.6 billion. The Group's audited financial statements for the fiscal year ended December 31, 1986 have been filed on Form 20-F with the Securities and Exchange Commission.

On July 28, 1987 the Group reported interim pre-tax profits of £251 million after a charge for debt provisions of £564 million. The charge for bad and doubtful debts mainly reflects sovereign debt provisions of £496 million. This brings the Group's total sovereign debt cover to £886 million, which is 29.5% of its £3 billion outstandings to 35 problem countries.

The Group currently employs approximately 96,000 people worldwide. Its United Kingdom operations are conducted directly through the Bank, which is one of the four major London Clearing Banks, and through three additional banking subsidiaries and other subsidiary companies. International operations are conducted by the Bank and affiliated companies in the United Kingdom and in 36 other countries. The Group's international business has concentrated on OECD countries and its exposure to countries with liquidity difficulties is small relative to its total assets.

The Bank announced on August 5, 1987 that it had agreed to a cash purchase of First Jersey National Corporation, an American banking group in New Jersey, for a purchase price of US$820 million. First Jersey National Corporation is the fourth largest banking group in New Jersey with 114 branches and is a leading institution with state-wide operations. The transaction is expected to be completed shortly after January 1, 1988 subject to, inter alia, approval by the relevant regulatory authorities and of the terms of the offer by First Jersey National Corporation shareholders.

On November 27, 1987 the Bank announced that it had postponed for the time being its proposals to undertake a public offering in Japan and to list its ordinary shares on the Tokyo Stock Exchange. This decision has been taken in view of the significant changes which have taken place in the world equity markets since the middle of October. The position will be kept under review.

In the United Kingdom the Group is supervised by the Bank of England with which periodic reports are filed, together with other information as required. The Bank's San Francisco Overseas Branch is licensed by the State of California Banking Department and is subject to periodic examination by the Department. By virtue of its ownership of National Westminster Bank USA, the Bank is also subject to federal reporting requirements as a bank holding company.

APPENDIX F

ALTERNATIVE INTEREST RATES

The following is a description of the interest rate and purchase provisions of the Bonds while the Bonds bear a Daily Interest Rate, Weekly Interest Rate, a Monthly Interest Rate, a Tender Rate or a Fixed Interest Rate. The method by which the interest rate on the Bonds is determined can be changed as described in the Official Statement under "CONVERSION OF RATE."

Interest Provisions

Daily Interest Rate. With respect to each day the Bonds are to bear a Daily Interest Rate, the Daily Interest Rate shall be determined by the Remarketing Agent to be the interest rate which, in the judgment of the Remarketing Agent, when borne by the Bonds, would be the minimum interest rate necessary to enable the Remarketing Agent to sell the Bonds on such date at the principal amount thereof plus accrued interest, if any; provided, however, that (A) with respect to any day that is not a Business Day, the Daily Interest Rate shall be the same rate as the Daily Interest Rate established for the immediately preceding Business Day unless the Remarketing Agent is open for business on such non-Business Day and determines a rate for such non-Business Day, in which case the Bonds shall bear interest at the rate so determined, and (B) if for any reason a Daily Interest Rate is not established by the Remarketing Agent or the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any day, the Daily Interest Rate for such day shall equal the Floating Interest Index determined by the Indexing Agent as of such day. On the basis of such Daily Interest Rates, the Trustee shall calculate the amount of interest payable during each Interest Period on the Bonds bearing interest at a Daily Interest Rate.

Weekly Interest Rate. With respect to each week the Bonds are to bear interest at a Weekly Interest Rate, the Weekly Interest Rate on the Bonds shall be determined by the Remarketing Agent by 12:00 noon, New York, New York time, on Wednesday of each week to be the interest rate which, in the judgment of the Remarketing Agent, when borne by the Bonds would be the minimum interest rate necessary to enable the Remarketing Agent to sell the Bonds on such date at the principal amount thereof plus accrued interest, if any. While the Bonds bear interest at the Weekly Interest Rate, the Remarketing Agent shall on the next to the last Business Day of each Interest Period provide in writing to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Trustee the Weekly Interest Rates in effect during such Interest Period. In the determination of the Weekly Interest Rate, the following special provisions shall apply:

(1) In the event the Remarketing Agent shall fail or refuse for any week to determine the Weekly Interest Rate, the Weekly Interest Rate shall be the same as for the next preceding week.

(2) If for any reason (i) a Weekly Interest Rate is not established by the Remarketing Agent for any two successive weeks or (ii) the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law, the Weekly Interest Rate for such week (or the second of such successive weeks, in the case of (i) above) shall equal the Floating Interest Index (as described in the Indenture) determined by the Indexing Agent (initially E.F. Hutton & Company Inc.) for such week.

Monthly Interest Rate. With respect to each Interest Period the Bonds are to bear interest at a Monthly Interest Rate, the Monthly Interest Rate shall be determined on the first Business Day of such Interest Period by the Remarketing Agent to be that rate which would be the minimum interest rate necessary to enable the Remarketing Agent to sell the Bonds on the first day of such Interest Period at the principal amount thereof. If for any reason a Monthly Interest Rate is not established by the Remarketing Agent or the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any Interest Period, the Monthly Interest Rate for such Interest Period shall equal the Floating Interest Index determined by the Indexing Agent for such Interest Period.

Tender Interest Rate. With respect to each Tender Period the Bonds are to bear interest at a Tender Interest Rate, the Tender Interest Rate shall be determined by the Remarketing Agent as follows. On the Business Day next preceding the first day of a Tender Period, the Remarketing Agent shall determine the Tender Interest Rate, which shall be the rate which would be the minimum interest rate necessary to enable the Remarketing Agent to sell all of the Bonds on the first day of such Tender Period at the principal amount thereof.

If for any reason a Tender Interest Rate is not established by the Remarketing Agent or the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any Tender Period, the Tender Interest Rate for such Tender Period shall equal the Floating Interest Index determined by the Indexing Agent as of the first day of such Tender Period.

Promptly after the determination of each Tender Interest Rate, the Trustee shall mail a notice by first-class mail to each Owner of a Bond, at the address shown on the registration books of the Issuer maintained by the Registrar, advising such Owner of such Tender Interest Rate and of the Tender Period for which such Tender Interest Rate will be in effect. Failure by the Trustee to give any such notice by mailing, or any defect therein, shall not affect the Tender Interest Rate to be borne by the Bonds in any Tender Period.

Fixed Interest Rate. The Fixed Interest Rate shall be determined by the Remarketing Agent as follows. On the Business Day next preceding the effective date of the Fixed Interest Rate, the Remarketing Agent shall determine the Fixed Interest Rate, which shall be the rate which would be the minimum interest rate necessary to enable the Remarketing Agent to sell all of the Bonds on the effective date of the Fixed Interest Rate at the principal amount thereof.

If for any reason the Fixed Interest Rate is not established by the Remarketing Agent or the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law, the Fixed Interest Rate shall equal the Fixed Interest Index (as defined in the Indenture) determined by the Indexing Agent as of the effective date of the Fixed Interest Rate.

Promptly after the determination of the Fixed Interest Rate, the Trustee shall mail a notice by first-class mail to each Owner of a Bond, at the address shown on the registration books of the Issuer maintained by the Registrar, advising such Owner of such Fixed Interest Rate. Failure by the Trustee to give any such notice by mailing, or any defect therein, shall not affect the Fixed Interest Rate to be borne by the Bonds.

Conclusiveness of Determination. The computation of the Floating Interest Index and the Fixed Interest Index by the Indexing Agent, and the determination of any interest rate by the Remarketing Agent or the Indexing Agent, shall be conclusive and binding upon the Issuer, the Trustee, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), the Company, the Registrar, the Remarketing Agent and the Owners of the Bonds.

Purchase Provisions

Purchase on Demand of Owner While Bonds Bear Daily Interest Rate. While the Bonds bear interest at a Daily Interest Rate, any Bond shall be purchased on the demand of the Owner thereof, on any Business Day, at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase (provided that if such Business Day occurs prior to the Interest Payment Date for any Interest Period and after the Record Date in respect thereto, the purchase price will equal the principal amount thereof plus accrued interest, if any, only from such Record Date to the date of purchase), upon (A) delivery to the Remarketing Agent (and at the option of an Owner which is an Investment Company, with a copy to the Trustee) at its Principal Office, by no later than 9:30 a.m., New York, New York time, on such Business Day, of a written notice or a telephonic notice, promptly confirmed by tested telex, which states the principal amount of such Bond to be purchased and the date on which the same shall be purchased pursuant to this paragraph, and (B) delivery of such Bond (with all necessary endorsements) to the Remarketing Agent at its Principal Office, at or prior to 9:30 a.m., New York, New York time, on the date specified in such notice.

Purchase on Demand of Owner While Bonds Bear Weekly Interest Rate.

(a) Except as provided in the next sentence, while the Bonds bear interest at a Weekly Interest Rate, any Bond shall be purchased, on the demand of the Owner thereof, on any

Wednesday at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon: (i) delivery to the Principal Office of the Remarketing Agent of a telephonic notice (unless the Trustee shall be serving as Remarketing Agent, in which case written notice delivered to the Principal Office of the Trustee shall be required) by 10:00 a.m., New York, New York time, on the Tuesday preceding such Wednesday, which states the aggregate principal amount thereof; (ii) delivery of such Bond (with all necessary endorsements) and, in the case of a Bond to be purchased prior to the Interest Payment Date for any Interest Period and after the Record Date in respect thereto, a due-bill, in form satisfactory to the Remarketing Agent, at the Principal Office of the Remarketing Agent at or prior to 10:00 a.m., New York, New York time, on such Wednesday; provided, however, that such Bond shall be so purchased only if the Bond so delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice. In the event that in any week both Monday and Tuesday are not Business Days, or both Tuesday and Wednesday are not Business Days, there shall be no purchase pursuant to this paragraph for such week; in all other events, the procedures described in this paragraph to occur on either Tuesday or Wednesday, should either day not be a Business Day, shall occur on the next succeeding Business Day. An Owner who gives the notice set forth in clause (i) above may repurchase the Bonds so tendered with such notice on such Wednesday if the Remarketing Agent agrees to sell the Bonds so tendered to such Owner. If such Owner decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Owner prior to delivery of such Bonds as set forth in clause (ii) hereinabove, the delivery requirement set forth in such clause (ii) shall be waived.

(b) While the Bonds bear interest at a Weekly Interest Rate, any Bond shall be purchased, on the demand of the Owner thereof, on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon: (1) delivery to the Principal Office of the Remarketing Agent of a written notice (and at the option of an Owner which is an Investment Company, with a copy to the Trustee) which (i) states the aggregate principal amount of such Bond and (ii) states the date on which such Bond shall be purchased pursuant to this subparagraph (b), which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Remarketing Agent; and (2) delivery of such Bond (with all necessary endorsements) and, in the case of a Bond to be purchased prior to the Interest Payment Date for any Interest Period and after the Record Date in respect thereto, a due-bill, in form satisfactory to the Remarketing Agent, at the Principal Office of the Remarketing Agent at or prior to 10:00 a.m., New York, New York time, on the date specified in the aforesaid notice; provided, however, that such Bond shall be so purchased pursuant to this subparagraph (b) only if the Bond so delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice.

Purchase on Demand of Owner While Bonds Bear Monthly Interest Rate.

(a) While the Bonds bear interest at a Monthly Interest Rate, any Bond shall be purchased, on the demand of the Owner thereof, on any Interest Payment Date at a purchase price equal to the principal amount thereof, upon (1) delivery to the Principal Office of the Remarketing Agent at or prior to 4:00 p.m., New York, New York time, on the third Business Day prior to such Interest Payment Date of a telephonic notice (unless the Trustee shall be serving as Remarketing Agent, in which case written notice delivered to the Principal Office of the Trustee shall be required) which (i) states the aggregate principal amount of such Bond and (ii) states that such Bond shall be purchased on such Interest Payment Date pursuant to this subparagraph (a); and (2) the delivery of such Bond (with all necessary endorsements) at the Principal Office of the Remarketing Agent at or prior to 10:00 a.m., New York, New York time, on such Interest Payment Date; provided, however, that such Bond shall be so purchased pursuant to this subparagraph (a) only if the Bond so delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice. An Owner who gives the notice set forth in clause (1) hereinabove may repurchase the Bonds so tendered on such Interest Payment Date if the Remarketing Agent agrees to sell the Bonds so tendered to such Owner. If such Owner decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Owner prior to

delivery of such Bonds as set forth in clause (2) hereinabove, the delivery requirement set forth in such clause (2) shall be waived.

(b) While the Bonds bear interest at a Monthly Interest Rate, any Bond shall be purchased, on the demand of the Owner thereof, on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon: (1) delivery to the Principal Office of the Remarketing Agent (and at the option of an Owner which is an Investment Company, with a copy to the Trustee) of a written notice which (i) states the aggregate principal amount of such Bond and (ii) states the date on which such Bond shall be purchased pursuant to this subparagraph (b), which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Remarketing Agent; and (2) delivery of such Bond (with all necessary endorsements) and, in the case of a Bond to be purchased prior to the Interest Payment Date for any Interest Period and after the Record Date in respect thereto, a due-bill, in form satisfactory to the Remarketing Agent, at the Principal Office of the Remarketing Agent at or prior to 10:00 a.m., New York, New York time, on the date specified in the aforesaid notice; provided, however, that such Bond shall be so purchased pursuant to this subparagraph (b) only if the Bond so delivered to the Remarketing Agent shall conform in all respects to the description thereof in the aforesaid notice.

Purchase While Bonds Bear Tender Interest Rate.

(a) While the Bonds bear interest at a Tender Interest Rate, any Bond shall be purchased on the day (which is not a Conversion Date) next succeeding the last day of any Tender Period (a "Purchase Date") at a purchase price equal to the principal amount thereof unless the Owner of the Bond delivers a completed Bondholder Election Notice (as defined in the Indenture) to the Principal Office of the Trustee (as defined in the Indenture) or any office designated by the Trustee between the opening of business on the twenty-first day next preceding the Purchase Date and the close of business on the seventh day next preceding the Purchase Date (or if such twenty-first or seventh day is not a Business Day, the next succeeding Business Day). The delivery of a Bondholder Election Notice by an Owner to retain his Bond is irrevocable and binding on such Owner and cannot be withdrawn. The Trustee shall give the Remarketing Agent telephonic notice, promptly confirmed in writing, specifying the principal amount of Bonds for which Bondholder Election Notices have been received. Not later than the fifteenth day next preceding the Purchase Date, the Trustee shall give notice by first-class mail to the Owners of the Bonds stating (i) the last day of the Tender Period, (ii) that the Bonds will be purchased on the Purchase Date unless the Owner of the Bond delivers a completed Bondholder Election Notice (a copy of which shall accompany the notice from the Trustee) to the Trustee as provided in the Indenture between the opening of business on the twenty-first day and the close of business on the seventh day next preceding the Purchase Date (or if such seventh day is not a Business Day, the next succeeding Business Day) and (iii) that after the Purchase Date the Bonds will bear interest at a Tender Interest Rate for a Tender Period of the same length as the then current Tender Period.

If during any Tender Period the Company fails to deliver to the Trustee a notice of conversion as described under the caption "CONVERSION OF RATE—Conversion to Fixed Interest Rate, Tender Interest Rate or Floating Interest Rates," from and after the Purchase Date the Bonds shall bear interest at a Tender Interest Rate for a Tender Period of the same length as that ending on the day immediately preceding such Purchase Date.

Any Owner of a Bond who does not deliver a completed Bondholder Election Notice as described above must deliver such Bond (with any necessary endorsements) to the Principal Office of the Trustee, not later than 10:00 a.m., New York, New York time, on the Purchase Date.

Any Owner who delivers a completed Bondholder Election Notice as described above in order to retain a portion of a Bond must deliver such Bond (with any necessary endorsements) to the Principal Office of the Trustee at the same time as the delivery of such Bondholder Election Notice. If an Owner so elects to retain a portion of a Bond, the Trustee shall, in accordance with the provisions of the Indenture, deliver to such Owner a principal amount of Bonds in Authorized Denominations equal to the portion of the Bond so retained.

(b) Bonds or portions thereof to be purchased as provided in paragraph (a) above which are not delivered by the Owners thereof to the Trustee as above provided shall nonetheless be deemed to have been delivered by the Owner thereof for purchase and to have been purchased; provided that there have been irrevocably deposited with the Trustee moneys in accordance with the Indenture in an amount sufficient to pay the purchase price of such Bonds. Thereafter, the Trustee shall authenticate a new Bond as provided in the Indenture. Moneys deposited with the Trustee for purchase of Bonds pursuant to the Indenture shall be held in trust in a separate escrow account (without liability for interest thereon) and shall be paid to the Owners of such Bonds upon presentation thereof. The Trustee shall within five days after the Purchase Date give written notice to the Company whether Bonds have not been delivered, and upon direction to do so by the Company, the Trustee shall give notice by mail to each Owner whose Bonds are deemed to have been purchased pursuant to the Indenture, which notice shall state that interest on such Bonds ceased to accrue on the Purchase Date and that moneys representing the purchase price of such Bonds are available against delivery thereof at the Principal Office of the Trustee. The Trustee shall hold moneys deposited by the Company or drawn by the Trustee under the Letter of Credit or an Alternate Credit Facility, as the case may be, for the purchase of Bonds as provided in the Indenture, without liability for interest thereon, for the benefit of the former Owner of the Bond on such Purchase Date, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds, if any, within six months after such Purchase Date shall be paid by the Trustee to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) to the extent of any amount payable under the Reimbursement Agreement, and the balance shall be paid by the Trustee to the Company upon the written direction of the Authorized Company Representative consented to in writing by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), and thereafter the former owners shall be entitled to look only to the Company for payment, and then only to the extent of the amount so repaid to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and/or the Company, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

SUMMARY TABLE

The information contained in this table is summary in nature and is qualified in its entirety by reference to the remainder of the Official Statement to which this is attached, the Indentures and the Bonds.

CP PROGRAM
SUMMARY OF MODES
(Initial Mode: CP)

Glossary

Bank—Bank or Obligor on the Alternate Credit Facility, as the case may be
BD—Business Day
BH—Bond Holder
CD or Conversion Date—The effective date of a conversion from one method of determining the interest rate to another
CP Date—For each Bond, the first day next succeeding the last day of a CP Period
CP Parameters—The parameters stated in the Indenture for establishing CP Periods
CP Period—For each Bond, the period (1-270 days or, at Company's option, 1-365 or -366 days, as applicable to a particular year) which is selected by the BH
IAD—Interest Accrual Date
IPD—Interest Payment Date
LC—The initial Letter of Credit or any Alternate Credit Facility
PD or Purchase Date—For each Bond bearing Tender Rate, the day on which a BH may demand purchase at par
RA—Remarketing Agent
RD—Record Date
TP or Tender Period—For each Bond bearing a Tender Rate, the period of time in integral six-month periods ending on the day preceding the PD
TT—Trustee
Note: All times set forth are New York City time.

	Floating Rate and Tender Rate (Put Periods less than maximum CP Period)					Tender Rate	Fixed Rate
	CP	Daily	Weekly	Monthly	6-Month Tender Period	One Year or Longer Tender Period	
I. Structure							
Authorized Denominations	$100,000 or integral multiples	Same	Same	Same	$5,000 or integral multiples	Same	Same
BH Option to Tender	On the CP Date with delivery of Bond to RA, unless BH gives written or telephonic notice to RA by 5 p.m. on BD next preceding CP Date of election not to tender. Deemed purchased if such notice not given.	On any BD with written or telephonic notice to RA by 9:30 a.m. and delivery of Bond to RA by 9:30 a.m.	(i) On any BD with 7 days' written notice to RA (Investment Company has right to send copy to TT) and delivery of Bond to RA by 10 a.m. on purchase date specified in the notice or (ii) on any Wed. with telephonic notice to RA (if TT is serving as RA, written notice to TT) the preceding Tues. by 10 a.m. and delivery of Bond to RA by 10 a.m. on Wed.	(i) On any BD with 7 days' written notice to RA (Investment Company has right to send copy to TT) and delivery of Bond to RA by 10 a.m. on purchase date specified in the notice or (ii) on any IPD with 3 BDs' telephonic notice to RA and delivery of Bond to RA by 10 a.m. on the IPD.	Bonds deemed tendered on PD unless BH notifies RA between the 21st day prior to such date and the 7th such day prior to such date that he wishes to keep his Bond and delivers a Bondholder Election Notice to such effect.	Same	Not Applicable

	Floating Rate and Tender Rate (Put Periods less than 270 Days)					Tender Rate	Fixed Rate
	CP	**Daily**	**Weekly**	**Monthly**	**6-Month Tender Period**	**One Year or Longer Tender Period**	
I. Structure (cont.)							
Frequency of Change in Interest Rate (not including conversion)	Each Bond's rate changes on its respective CP Date	Daily	Weekly (effective Wed.-Tues.)	Monthly	Semiannually	Each PD	Not Applicable
Interest Rate Determination	The interest rate will be the rate per annum determined by the RA to be the rate necessary to enable the RA to sell such Bond at par plus accrued interest, if applicable, on the date such interest rate is to take effect.						
Interest Rate Announced	On the CP Date	Each BD	12 noon of each Wed.	First BD of calendar month	21 days prior to PD, notice to BH of minimum and maximum interest rates; actual interest rate announced on BD prior to PD	Same	21 days prior to CD, notice to BH of minimum and maximum interest rates; actual interest rate announced on BD prior to CD
Interest Payment Date	CP Date	Fifth day after last day of preceding calendar month	First BD of each month	First BD of each month	Each January 1 and July 1	Same	Same
Interest Payment	In all cases, on IPD by check or draft to registered owner as of Record Date; wire transfer at option of owners of $1 million or more.						
Interest Accrual Date	Last day of CP Period	Last day of calendar month	Day next preceding first BD of succeeding calendar month	Same	Day next preceding IPD	Same	Same
Record Date	Third day preceding IAD except when CP Period is less than 4 days, in which case, the first day of CP Period	IAD	First day on which the interest rate is determined next preceding an IPD	Third day preceding IAD	Fifteenth day of calendar month preceding IPD	Same	Same
Accrued Interest Calculation	365/366 and actual days elapsed	Same	Same	Same	360-day year of 12 30-day months, actual days elapsed	Same	Same
Optional Redemption	In Floating Rate structures upon 30 days' notice, in whole or in part, on any IPD, or with respect to CP Bonds, on any BD, at par plus accrued interest, if any. In Tender Rate and Fixed Rate structures, Optional Redemption and No-Call Period set forth on pages 17 and 18 of the Official Statement.						
Mandatory Redemption	While Bonds bear Tender Rate or Fixed Rate, in whole or in part upon the occurrence of determination of taxability.						
Mandatory Purchase or Redemption	In all cases, upon CD and on IPD or BD preceding expiration or termination of Letter of Credit or Alternate Credit Facility.						
Right of BH to Opt Out of Mandatory Redemption Upon Conversion	Notice to TT on or before 3rd BD prior to CD	Same	Same	Same	Notice to TT on or before 6th BD prior to CD	Same	Same

	Floating Rate and Tender Rate (Put Periods less than 270 Days)					Tender Rate	Fixed Rate
	CP	Daily	Weekly	Monthly	6-Month Tender Period	One Year or Longer Tender Period	
II. Adjustment of Structure by Company							
Date of Decision to Convert	At Company's discretion, with notice to RA, TT, Issuer and Bank	Same	Same	Same	Same	Same	Same
Interest Rate to which Bonds can be converted	In all cases, Bonds can be converted to a Floating Rate, any Tender Rate or a Fixed Rate.						
Date Conversion Becomes Effective	Any BD not less than 30 days after Company gives notice of adjustment to RA, TT, Issuer and Bank	Same	Same	Same	IPD	IPD after No-Call Period	Same
Notice to BH of Conversion	10 to 15 days prior to CD	Same	Same	Same	Same	Same	Same
Opinion of Counsel Required to Convert	Yes	Yes	Yes	Yes	Yes	Yes	Yes

APPENDIX C

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

APPENDIX C-1

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE EFFECTIVE 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
County Courthouse
Green River, Wyoming 82935

Re: $50,000,000
Sweetwater County, Wyoming
Customized Purchase Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1988A (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with Section 4.03(b) of that certain Loan Agreement, dated as of January 1, 1988 (the *"Loan Agreement"*), between Sweetwater County, Wyoming (the *"Issuer"*) and PacifiCorp (the *"Company"*) and Section 4.01 of the Trust Indenture, dated as of January 1, 1988 (the *"Indenture"*), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*). On the date hereof, the Company desires to (i) terminate the existing Letter of Credit (the *"Letter of Credit"*) issued by The Royal Bank of Scotland plc, Connecticut branch (the *"Bank"*), for the benefit of the Trustee and (ii) convert the interest rate on the Bonds from a CP Rate to a Weekly Interest Rate.

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 termination of the Letter of Credit is authorized under the Loan Agreement and complies with the terms of the Loan Agreement.

2. The termination of the Letter of Credit will not impair the validity under the Act of the Bonds and will not cause interest on the Bonds to become includible in the gross income of the owners thereof for federal income tax purposes.

3. The conversion of the interest rate on the Bonds is authorized or permitted under the Indenture.

4. The conversion of the interest rate on the Bonds on the Effective Date, will not, in and of itself, cause interest on the Bonds to become includable in gross income of the owners thereof for purposes of federal income taxation.

5. The conversion of the interest rate on the Bonds will not violate the provisions of the Act or the State law.

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 Indenture, the Loan Agreement, the Tax Certificate (as defined in the 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 issuance and delivery of an Alternate Credit Facility, described in our opinion dated April 24, 2002, (b) the delivery of an Alternate Credit Facility, described in our opinion dated September 15, 2004, (c) the delivery of the amendment to an earlier Alternate Credit Facility, described in our opinion dated November 30, 2005, (d) the delivery of an earlier Letter of Credit, described in our opinion dated May 16, 2012 and (f) the delivery of the Letter of Credit described in our opinion dated March 26, 2013 and (g) the termination of the Letter of Credit and the conversion of the interest rate on the Bonds 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 C-2

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE EFFECTIVE 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

City of Gillette, Campbell County, Wyoming
City Hall
201 East Fifth Street
Gillette, Wyoming 82716

Re: $41,200,000
City of Gillette, Campbell County, Wyoming
Customized Purchase Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1988 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with Section 4.03(b) of that certain Loan Agreement, dated as of January 1, 1988 (the *"Loan Agreement"*), between City of Gillette, Campbell County, Wyoming (the *"Issuer"*) and PacifiCorp (the *"Company"*). On the date hereof, the Company desires to terminate the existing Letter of Credit (the *"Letter of Credit"*) issued by The Royal Bank of Scotland plc, Connecticut branch (the *"Bank"*), for the benefit of the Trustee (defined below).

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 Trust Indenture, dated as of January 1, 1988 (the *"Indenture"*), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*) 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 termination of the Letter of Credit is authorized under the Loan Agreement and complies with the terms of the Loan Agreement.

2. The termination of the Letter of Credit will not impair the validity under the Act of the Bonds and will not cause interest on the Bonds to become includible in the gross income of the owners thereof for federal income tax purposes.

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 Indenture, the Loan Agreement, the Tax Certificate (as defined in the 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 conversion of the interest rate on the Bonds from a CP Rate to a Weekly Interest Rate and the delivery of an Alternate Credit Facility, described in our opinion dated May 26, 1999 and our opinions dated June 7, 1999, (b) the delivery of an Alternate Credit Facility, described in our opinion dated September 15, 2004, (c) the delivery of the amendment to an earlier Alternate Credit Facility, described in our opinion dated November 30, 2005, (d) the delivery of an earlier Letter of Credit, described in our opinion dated May 16, 2012, (e) the delivery of the Letter of Credit, described in our opinion dated March 26, 2013 and (f) the termination 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,