

REOFFERING CIRCULAR DATED MARCH 9, 2005

NOT A NEW ISSUE

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

\$38,125,000

Pollution Control Revenue Refunding Bonds (PacifiCorp Projects)

\$22,485,000
Converse County, Wyoming
Series 1992
Due: December 1, 2020

\$9,335,000
Sweetwater County, Wyoming
Series 1992A
Due: December 1, 2020

\$6,305,000
Sweetwater County, Wyoming
Series 1992B
Due: December 1, 2020

Effective Date: March 16, 2005

On the Effective Date, the date of maturity of each Issue of the Bonds will be extended to December 1, 2020.

The Bonds of each Issue will be the limited obligations of the respective Issuers and, except to the extent payable from any other moneys pledged therefor, will be payable solely from and secured by a pledge of payments to be made under separate Loan Agreements between the respective Issuers and

PACIFICORP

Each Bond currently bears and will continue to bear interest at a Weekly Interest Rate, determined by the Remarketing Agent for each week as described herein. The Bonds of an Issue are subject to further conversion to interest rates other than a Weekly Interest Rate as more fully described herein. After any such further conversion, the Bonds of such Issue may cease to be subject to purchase as described herein. Upon the terms and conditions described herein, the Bonds will be subject to redemption prior to maturity.

The Bonds of each Issue are issuable as fully registered Bonds without coupons, initially in the denomination of \$100,000 and integral multiples of \$5,000 in excess thereof. Interest on the Bonds while the Bonds bear interest at a Weekly Interest Rate will be payable monthly on each Interest Payment Date. The Depository Trust Company, New York, New York, will act as a securities depository for Bonds that bear interest at a Daily, Weekly, Monthly or Term Interest Rate. Such Bonds will be 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 such Bonds will not receive certificates representing their interests in such Bonds. Interest on payments of principal of, and premium, if any, and interest on Bonds that bear interest at a Daily, Weekly, Monthly or Term Interest Rate will be made through DTC and its Participants and disbursements of such payments to purchasers will be the responsibility of such Participants.

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

JPMORGAN

March 9, 2005

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Reoffering Circular in connection with the 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 Reoffering Circular nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or PacifiCorp since the date hereof. Neither Issuer has, nor will either Issuer, assume any responsibility as to the accuracy or completeness of the information in this Reoffering Circular. The Bonds are not registered under the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity has passed upon the accuracy or adequacy of this Reoffering Circular.

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

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

GENERAL INFORMATION

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

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

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

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

Converse and Sweetwater are referred to individually as an “*Issuer*” and collectively as the “*Issuers*.”

The Converse Bonds and the Sweetwater Bonds were issued pursuant to separate Trust Indentures, each dated as of September 1, 1992, each as amended and supplemented (individually, an “*Original Indenture*” and collectively, the “*Original Indentures*”), and as further amended and supplemented by separate Second Supplemental Trust Indentures, each dated as of March 1, 2005 (individually, a “*Second Supplemental Indenture*” and collectively, the “*Second Supplemental Indentures*”), and each between the Issuer and J.P. Morgan Trust Company, N.A. (successor by merger to Bank One Trust Company, NA, formerly, The First National Bank of Chicago), as Trustee (the “*Trustee*”). The Original Indentures, as amended and supplemented by the Second Supplemental Indentures, are sometimes individually referred to herein as an “*Indenture*” and collectively as the “*Indentures*.” Pursuant to the provisions of the Second Supplemental Indentures, the date of maturity of each Issue of Bonds will be extended. See “EXTENSION OF DATES OF MATURITY.”

Pursuant to separate Loan Agreements, each dated as of September 1, 1992 between the respective Issuers and PacifiCorp (the "*Company*") (individually, an "*Agreement*," and collectively, the "*Agreements*"), the respective Issuers have loaned the proceeds from the sale of the Converse Bonds and the Sweetwater Bonds to the Company. Under the Agreements, the Company is unconditionally obligated to pay amounts sufficient to provide for payment of the principal of, and premium, if any, and interest on, the Bonds (the "*Loan Payments*") and for payment of the purchase price of the Bonds to be purchased at the option of the Owners thereof or upon mandatory tender thereof.

The proceeds of the Converse Bonds and the Sweetwater Bonds, together with certain other moneys of the Company, were used for the purposes set forth in the Official Statement dated September 28, 1992 for the Bonds (the "*Official Statement*") attached hereto as *Appendix B*.

The Bonds of each Issue, together with the premium, if any, and interest thereon, are limited and not general obligations of the Issuer thereof. The Bonds of an Issue will not constitute or give rise to a pecuniary liability of the Issuer thereof nor any charge against such Issuer's general credit or taxing powers, nor will the Bonds of an Issuer constitute an indebtedness of or a loan of credit of such Issuer. The Bonds of each Issue are payable solely from the revenues to be received by the Issuer under the related Agreement and from any other moneys pledged under the related Indenture for such purpose. The Issuers are not obligated to pay the purchase price of Bonds to be purchased at the option of the Owners thereof or upon mandatory tender thereof from any other source.

Upon the issuance and delivery of the Bonds, the Bonds initially bore interest in Flexible Periods at Flexible Rates. On November 12, 1999, the method of determining the interest rate on each Issue of the Bonds was converted to the Weekly Interest Rate. Each Issue of the Bonds will continue to bear interest at a Weekly Interest Rate following the effective date of the maturity extension subject to the right of the Company to cause a conversion of the method of determining the interest rate on the Bonds as described in the Official Statement.

At the time of the interest rate conversion, the Company also exercised its right under the Agreements and the Indentures to terminate the irrevocable direct pay letters of credit issued by Union Bank of Switzerland (Los Angeles Branch) which supported payment of the principal, interest and purchase price of the Bonds from their date of issuance through November 12, 1999. **The Bonds are being reoffered solely on the basis of the credit and financial position of the Company and no letter of credit or other credit facility will be in effect to support the payment of principal of and interest on or the payment of the purchase price of the Bonds.** Accordingly, all references in the attached Official Statement to the Letter of Credit issued by Union Bank of Switzerland are no longer applicable and should be ignored.

The Bonds of each Issue contain substantially the same terms and provisions as, but are entirely separate from, the Bonds of each other Issue. The Bonds of one Issue will not be payable from or entitled to any revenues delivered to the Trustee in respect of the Bonds of any other Issue. 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, and if the Bonds of an Issue

bear interest at a Flexible Rate, different Bonds within such Issue may have different Flexible Periods and flexible Rates. Redemption of the Bonds of one Issue may be made in the manner described below without redemption of the Bonds of any other Issue, and a default in respect of the Bonds of one Issue will not, in and of itself, constitute a default in respect of the Bonds of the other Issues; however, the same occurrence may constitute a default with respect to the Bonds of more than one Issue.

Brief descriptions of each Issuer, the Bonds, the method by which the interest rate on the Bonds is changed, the Agreements and the Indentures is included in this Reoffering Circular, including the Official Statement attached as Appendix B hereto. Information regarding the business, properties and financial condition of the Company is included, or incorporated by reference, 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 references to the forms thereof and the information with respect thereto included in the aforesaid documents. Unless otherwise defined in the Reoffering Circular, all capitalized terms used herein with respect to an Issue of the Bonds have the same meaning as those terms have in the related Indenture. 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.

EXTENSION OF DATES OF MATURITY

Pursuant to the applicable provisions of each of the Original Indentures, the Company has requested that the Trustee and each of the Issuers enter into a separate Second Supplemental Indenture in order to extend the date of maturity for each Issue. Upon the execution and delivery of the Second Supplemental Indentures, the dates of maturity for each of the Bonds will be extended as follows:

	<u>PREVIOUS MATURITY DATE</u>	<u>NEW MATURITY DATE</u>
Converse Bonds	July 1, 2006	December 1, 2020
Sweetwater A Bonds	April 1, 2005	December 1, 2020
Sweetwater B Bonds	December 1, 2005	December 1, 2020

The Trustee has received the consent and approval of all of the Owners of the Bonds. It is anticipated that each Second Supplemental Indenture will be executed and delivered by the Trustee and the respective Issuer on or about Wednesday, March 16, 2005.

Purchasers of the Bonds subsequent to the date of this Reoffering Circular and prior to the execution and delivery of the Second Supplemental Indentures purchase such Bonds subject to the maturity extension for the Issue purchased.

THE BONDS

Reference is hereby made to the Bonds in their entirety for the detailed provisions thereof. Certain terms used herein are set forth in the Official Statement under the caption "THE BONDS — Interest on the Bonds" and in Appendix C thereto.

INTEREST ON THE BONDS

The provisions of Appendix C to the Official Statement with respect to interest on the Bonds while they bear interest at a Weekly Interest Rate are reproduced below for convenience of reference.

With respect to each weekly period the Bonds are to bear interest at a Weekly Interest Rate (such weekly period to commence on the Conversion Date therefor or on a Wednesday, as the case may be, and to end on the earlier of the next succeeding Tuesday and the day next preceding the next succeeding Conversion Date), the Weekly Interest Rate on such Bonds shall be determined by the Remarketing Agent on the Business Day immediately preceding the first day of such weekly period to be the rate of interest per annum which, on the following day, in the judgment of the Remarketing Agent, when borne by such Bonds would be the minimum interest rate necessary to enable the Remarketing Agent to sell such Bonds on such date at 100% of the principal amount thereof plus accrued interest, if any.

In the determination of the Weekly Interest Rate, the following special provisions shall apply:

(i) If for any reason a Weekly Interest Rate is not established by the Remarketing Agent with respect to any weekly period that the Bonds are to bear interest at the Weekly Interest Rate, the Weekly Interest Rate shall be the same as for the next preceding weekly period.

(ii) If for any reason (A) a Weekly Interest Rate is not established by the Remarketing Agent with respect to any two consecutive weekly periods that the Bonds are to bear interest at the Weekly Interest Rate or (B) the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any weekly period that the Bonds are to bear interest at a Weekly Interest Rate, the Weekly Interest Rate for such weekly period (or the second of such weekly periods in the case of clause (A) above) shall equal the Weekly Interest Rate determined by the Trustee as being equal to 70% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced by the Federal Reserve Bank of New York on the day on which the Remarketing Agent was to have set the Weekly Interest Rate.

PURCHASE ON DEMAND OF OWNER

The provisions of Appendix C to the Official Statement with respect to the right of Owners to demand that their Bonds be purchased while the Bonds bear interest at a Weekly Interest Rate are reproduced below for convenience of reference.

While the Bonds bear interest at a Weekly Interest Rate, the Bonds will be purchased on the demand of the Owners thereof, and will be subject to mandatory tender for purchase, at the times and subject to the conditions described below. Each Bond must be accompanied by all necessary endorsements and the Trustee may refuse to accept delivery of any Bond for which a proper endorsement has not been provided. Notice of tender of Bonds by the Owner thereof will be irrevocable, once given to the Remarketing Agent as described below.

Notwithstanding the foregoing, during any period when Bonds are registered in the name of Cede & Co. or such other nominee of DTC as DTC shall designate and held by DTC in its book-entry system, the delivery of such Bonds as described below shall be effected by means of DTC's Delivery Order Procedures. If a beneficial owner of such Bonds fails to cause its beneficial ownership of such Bonds to be transferred to the DTC account of the Trustee by the deadlines specified below, such Bonds shall not be purchased and all parties shall be restored to their former positions, *provided* that the beneficial owner may be subject to damages as specified in such notice.

While a Bond bears interest at a Weekly Interest Rate, such Bond shall be purchased, on the demand of the Owner thereof, on any Wednesday (or, if such date is not a Business Day, the immediately preceding Tuesday) at a purchase price equal to 100% of 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 New York delivery office of the Trustee shall be required) by 10:00 a.m., New York, New York time, on the seventh day preceding such Wednesday, which states the aggregate principal amount thereof; and (ii) delivery of such Bond (with all necessary endorsements) at the New York delivery office of the Trustee 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 Trustee shall conform in all respects to the description thereof in the aforesaid notice. In the event that Tuesday or Wednesday are not Business Days, the procedures described in this paragraph to occur on either Tuesday or Wednesday, 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 Bond and the Remarketing Agent agrees to sell the specified Bond to such Owner prior to delivery of such Bond as set forth in clause (ii) hereinabove, the delivery requirement set forth in such clause (ii) shall be waived.

**REMARKETING OF BONDS—NO PURCHASES OR SALES
AFTER CERTAIN DEFAULTS**

The Indentures have been previously amended to clarify the provision described in the Official Statement under "THE BONDS—Remarketing of Bonds—*No Purchases or Sales after Certain Defaults.*" That section of the Official Statement is amended to read as set forth below:

Anything in this Indenture to the contrary notwithstanding,

(a) at any time that 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 in the Official Statement under “THE BONDS—Purchase of Bonds,” and

(b) 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 remarketings of Bonds,

if, in each 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 “THE INDENTURES—Defaults” of which the Remarketing Agent and the Trustee have actual knowledge.

ADDITIONAL BOND TERMS AND RELATED DOCUMENTS

Description of additional provisions of the Bonds and summaries of the Agreements and the Indentures are set forth in the Official Statement under the following captions and the information under the following captions in the Official Statement is incorporated by reference in this Reoffering Circular:

THE BONDS
CONVERSION OF RATE
THE AGREEMENTS
THE INDENTURES
APPENDIX C — ALTERNATIVE INTEREST RATES

TAX EXEMPTION

The opinion of Stoel Rives Boley Jones & Grey, Portland, Oregon, which served as Bond Counsel in connection with the issuance of the Bonds in 1992, delivered on September 29, 1992 has not been updated by either Stoel Rives Boley Jones & Grey or Chapman and Cutler LLP. No independent investigation has been made to confirm that the tax covenants of the Issuers and the Company have been complied with.

Chapman and Cutler LLP, which is currently acting as Bond Counsel, will deliver an opinion in connection with the execution and delivery of each of the Second Supplemental Indentures to the effect that each such Second Supplemental Indenture (i) is authorized or permitted by the Indenture and the Act, and complies with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms, and (iii) will not, in and of itself, cause interest on the Bonds to become includible in the gross income of the Owners thereof for purposes of federal income taxation. Except as necessary to render the foregoing opinions, Chapman and Cutler LLP will not review any factual or legal matters relating to the initial opinion of Bond Counsel pertaining to the Bonds or events subsequent to the initial issuances of the Bonds.

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 Issuers 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 is a regulated electricity company operating in the states of Utah, Oregon, Wyoming, Washington, Idaho and California. The Company generates electricity and conducts its retail electric utility business as Pacific Power and Utah Power and also engages in electricity sales and purchases on a wholesale basis. The subsidiaries of the Company support its electric utility operations by providing coal mining facilities and services and environmental remediation.

The Company is exposed to risks that may materially affect its business, operating results and financial condition. See the Company's disclosures regarding the risks it faces included in the Incorporated Documents (as defined below). See "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE."

The principal executive offices of the Company are located at 825 N.E. Multnomah, Suite 2000, Portland, Oregon 97232; the telephone number is (503) 813-5000.

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 Securities and Exchange Commission (the "*Commission*"). Such reports and other information (including proxy and information statements) filed by the Company may be inspected and copied at public reference rooms maintained by the Commission in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Company's filings with the Commission are also available to the public at the website maintained by the Commission at <http://www.sec.gov>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

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

1. Annual Report on Form 10-K for the fiscal year ended March 31, 2004.

2. Quarterly Reports on Form 10-Q for the three months ended June 30, September 30, and December 31, 2004.
3. Current Report on Form 8-K, dated August 24, 2004.
4. Current Report on Form 8-K, dated December 17, 2004.
5. Current Report on Form 8-K, dated February 25, 2005.
6. All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the Quarterly Report on Form 10-Q for the three months ended December 31, 2004 and before the termination of the reoffering made by this Reoffering Circular (the "*Reoffering Circular*") shall be deemed to be incorporated by reference in this Reoffering Circular 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 Reoffering Circular 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 Reoffering Circular 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 Reoffering Circular or delivered herewith. The Company hereby undertakes to provide without charge to each person to whom a copy of this Reoffering Circular 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 Investor Relations, PacifiCorp, 825 N.E. Multnomah, Suite 2000, Portland, Oregon 97232, telephone number (503) 813-5000. The information relating to the Company contained in this Reoffering Circular does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

APPENDIX B

OFFICIAL STATEMENT DATED SEPTEMBER 28, 1992

Three New Issues

RATINGS
Moody's: Aaa; VMIG-1
S&P: AAA; A-1 +

In the opinion of Stoel Rives Boley Jones & Grey, Portland, Oregon, Bond Counsel, under existing laws, court decisions, rulings and regulations: (i) assuming continuing compliance by the Issuers with their covenants relating to the federal tax-exempt status of the interest on the Bonds, under Section 103 of the Internal Revenue Code of 1986, as amended, the interest on the Bonds is not includible for federal income tax purposes in the gross incomes of the Owners thereof (other than any Owner who is a "substantial user" of the Facilities relating to such Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, and rules and regulations promulgated or applicable thereunder); and (ii) the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. Bond Counsel observes that the interest on the Bonds will not be subject to the federal alternative minimum tax imposed on individuals, corporations and other taxpayers; see "TAX EXEMPTION" and "OTHER TAX CONSEQUENCES" herein.

\$38,125,000

Pollution Control Revenue Refunding Bonds (PacifiCorp Projects)

\$22,485,000

Converse County, Wyoming

Series 1992

Due: July 1, 2006

\$9,335,000

Sweetwater County, Wyoming

Series 1992A

Due: April 1, 2005

\$6,305,000

Sweetwater County, Wyoming

Series 1992B

Due: December 1, 2005

Interest Accrual: Date of Delivery

Issue Price: 100%

The Bonds of each issue listed above (an "Issue") will be the limited obligations of the respective Issuers and, except to the extent payable from any other moneys pledged therefor, will be payable solely from and secured by a pledge of payments to be made under separate Loan Agreements between the respective Issuers and

PacifiCorp

and from funds drawn under separate irrevocable direct-pay Letters of Credit issued by the Los Angeles Branch of

Union Bank of Switzerland

Under each Letter of Credit, the Trustee will be entitled to draw through September 29, 1995 (unless earlier terminated or extended) up to an amount sufficient to pay the principal of and up to 294 days' accrued interest on the related Issue of Bonds at 12% per annum to be used (a) to pay the principal of and interest on such Bonds and (b) to pay the purchase price of such Bonds tendered by the Owners thereof as provided in the related Indenture.

The Bonds of each Issue are subject to conversion to interest rates other than Flexible Rates as more fully described herein. After such conversion, such Bonds may cease to be subject to purchase as described herein. Upon the terms and conditions described herein, the Bonds will be subject to redemption prior to maturity.

The Bonds of an Issue may bear interest at a different rate, based upon a different interest determination method, from Bonds of the other Issues. While Bonds of an Issue bear interest at a Flexible Rate, different Bonds within such Issue may have different Flexible Periods and, consequently, may bear different Flexible Rates. Initially, the Bonds of each Issue will bear interest from the date of actual authentication and delivery thereof at a Flexible Rate, determined by the Remarketing Agent, for the Flexible Period selected by the Owner thereof, as described herein. Thereafter, the interest rate on the Bonds may be changed in accordance with the related Indenture to a different Flexible Rate or Rates or a Daily, Weekly, Monthly or Term Interest Rate.

The Bonds of each Issue are being issued as fully registered Bonds without coupons, initially in the denomination of \$100,000 and integral multiples of \$5,000 in excess thereof. It is expected that The Depository Trust Company, New York, New York ("DTC") will act as a securities depository for Bonds that bear interest at a Daily, Weekly, Monthly or Term Interest Rate, in which event such Bonds would be 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 such Bonds would not receive certificates representing their interests in such Bonds. Interest on Bonds that bear interest at Flexible Rates will be payable on the Flexible Date with respect to each such Bond by check mailed to the persons in whose names such Bond is registered at the close of business on the record date. 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 Bonds will be payable at the principal corporate trust office of The First National Bank of Chicago, as Trustee, in Chicago, Illinois. It is expected that payments of principal of, and premium, if any, and interest on, Bonds that bear interest at a Daily, Weekly, Monthly or Term Interest Rate will be made through DTC and its Participants and disbursements of such payments to purchasers will be the responsibility of such Participants. See "THE BONDS" herein.

The Bonds of each Issue are offered when, as and if issued by the respective Issuers and accepted by the Underwriter, subject to the approval of legality by Stoel Rives Boley Jones & Grey, Bond Counsel, which regularly acts as counsel for the Company and its subsidiaries, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Winthrop, Stimson, Putnam & Roberts. Certain matters will be passed upon for Converse County, Wyoming by its County Attorney, Thomas A. Burley, and for Sweetwater County, Wyoming by its County and Prosecuting Attorney, Sue Kearns. Certain matters will be passed upon for the Company by its counsel, Stoel Rives Boley Jones & Grey. Certain matters will be passed upon for the Bank by its U.S. counsel, Gibson, Dunn & Crutcher, and by its Swiss counsel, Henrici, Wicki & Cuggisberg. It is expected that the Bonds of each Issue will be available for delivery in New York, New York, on or about September 29, 1992 against payment therefor.

J. P. Morgan Securities Inc.

September 28, 1992

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, the Company, the Bank 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 Bank or the Company since the date hereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Neither Issuer has assumed or will assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information relating to itself under the captions "THE ISSUERS" and "LITIGATION." Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuers, approved the Bonds for sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$38,125,000
Pollution Control Revenue Refunding Bonds
(PacifiCorp Projects)

\$22,485,000
Converse County, Wyoming
Series 1992
Due: July 1, 2006

\$9,335,000
Sweetwater County, Wyoming
Series 1992A
Due: April 1, 2005

\$6,305,000
Sweetwater County, Wyoming
Series 1992B
Due: December 1, 2005

INTRODUCTORY STATEMENT

This Official Statement of Converse County, Wyoming (the "Converse Issuer") and Sweetwater County, Wyoming (the "Sweetwater Issuer") sets forth certain information with respect to the offer by the Converse Issuer and the Sweetwater Issuer (individually an "Issuer," and collectively the "Issuers"), as the case may be, of three separate Issues of pollution control revenue refunding bonds (collectively, the "Bonds") as follows:

- (i) \$22,485,000 principal amount of Converse County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1992 (the "Converse Bonds");
- (ii) \$9,335,000 principal amount of Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1992A (the "Sweetwater A Bonds"); and
- (iii) \$6,305,000 principal amount of Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1992B (the "Sweetwater B Bonds," referred to collectively with the Sweetwater A Bonds as the "Sweetwater Bonds").

The Bonds are to be dated as of September 1, 1992, will bear interest and will be subject to prior redemption as set forth herein, will mature on the dates set forth on the cover page hereof, will be purchased at the option of the Owners thereof or upon mandatory tender thereof, and shall have such other terms as are described under "THE BONDS" herein.

Pursuant to separate Loan Agreements each dated as of September 1, 1992 between the respective Issuers and the Company (individually an "Agreement," and collectively the "Agreements"), the respective Issuers will lend the proceeds from the sale of the Converse Bonds and the Sweetwater Bonds to the Company. Under the Agreements, the Company is unconditionally obligated to pay amounts sufficient to provide for payment of the principal of, and premium, if any, and interest on, the Bonds (the "Loan Payments") and for payment of the purchase price of the Bonds to be purchased at the option of the Owners thereof or upon mandatory tender thereof.

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

The proceeds of the Sweetwater A Bonds, together with certain other moneys of the Company, will be used to provide for the redemption on October 1, 1992 of an equal principal amount of the Sweetwater Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1975A (the "Sweetwater Series 1975A Bonds"). The proceeds of the Sweetwater B Bonds, together with certain other moneys of the Company, will be used to provide for the redemption on December 1, 1992 of an equal principal amount of the Sweetwater Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1975B (the "Sweetwater Series 1975B Bonds"). The Sweetwater Series 1975A Bonds and the Sweetwater Series 1975B Bonds were issued to finance a portion of the cost of the acquisition, construction, improvement and installation of the Company's undivided 66⅔% interest in certain air and

water pollution control facilities (the "Jim Bridger Facilities") at the Jim Bridger coal-fired, steam electric generating plant (the "Jim Bridger Plant") located in Sweetwater County, Wyoming.

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

The Converse Bonds and the Sweetwater Bonds will each be issued under a separate Trust Indenture dated as of September 1, 1992 (individually an "Indenture," and collectively the "Indentures") between the Converse Issuer and the Sweetwater Issuer, respectively, and The First National Bank of Chicago, as trustee (the "Trustee"), and under resolutions of the governing bodies of the respective Issuers.

The Bonds of each Issue, together with the premium, if any, and interest thereon, will be the limited and not general obligations of the Issuer thereof. The Bonds of an Issue will not constitute or give rise to a pecuniary liability of the Issuer thereof nor any charge against such Issuer's general credit or taxing powers, nor will the Bonds of an Issuer constitute an indebtedness of or a loan of credit of such Issuer. The Bonds of each Issue shall be payable solely from the revenues to be received by the Issuer under the related Agreement and from any other moneys pledged under the related Indenture for such purpose, including moneys drawn under the related Letter of Credit (as hereinafter defined) or Alternate Credit Facility (as hereinafter defined), as the case may be. The Issuers shall not be obligated to pay the purchase price of Bonds to be purchased at the option of the Owners thereof or upon mandatory tender thereof from any other source.

The Bonds of each Issue will be secured under separate irrevocable direct-pay Letters of Credit (individually a "Letter of Credit," and collectively the "Letters of Credit") to be issued by Union Bank of Switzerland, Los Angeles Branch (the "Bank"). The Trustee will be entitled to draw under each of the Letters of Credit through September 29, 1995 (unless earlier terminated or extended) up to an amount sufficient to pay the principal of, and, initially, up to 294 days' accrued interest on the related Issue at 12% per annum to be used (a) to pay the principal of and interest on such Bonds and (b) to pay the purchase price of such Bonds tendered by Owners thereof as provided in the related Indenture. The Company is permitted under the Agreements and the Indentures to provide, from time to time, a letter of credit (a "Substitute Letter of Credit") issued by the Bank which is identical to the Letter of Credit except for certain terms as described herein. 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 each of the Agreements and Indentures to provide for the delivery, from time to time, of an alternate credit facility (an "Alternate Credit Facility") as described in the Indentures 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 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—Redemption Upon Expiration or Termination of Letter of Credit or Alternate Credit Facility" herein.

The Bonds of each Issue contain substantially the same terms and provisions as, but will be entirely separate from, the Bonds of each other Issue. The Bonds of one Issue will not be payable from or entitled to any revenues delivered to the Trustee in respect of the Bonds of any other Issue. 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, and if the Bonds of an Issue bear interest at a Flexible Rate, different Bonds within such Issue may have different Flexible Periods and Flexible Rates. Redemption of the Bonds of one Issue may be made in the manner described below without redemption of the Bonds of any other Issue, and a default in respect of the Bonds of one Issue will not, in and of itself, constitute a default in respect of the Bonds of the other Issues; however, the same occurrence may constitute a default with respect to the Bonds of more than one Issue.

Brief descriptions of each Issuer, 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 C hereto. Information regarding the business, properties and financial condition of the Company is included in Appendix A hereto. A brief description of the Bank is included as Appendix B 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 J. P. Morgan Securities Inc. in New York, New York.

THE ISSUERS

The Converse Issuer and the Sweetwater Issuer are each 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 "Act"), each Issuer is authorized to issue the Bonds it is issuing, to enter into the Indenture and the Agreement to which it is a party and to secure Bonds by an assignment to the Trustee of the payments to be made by the Company relating to such Bonds under such Agreement and a pledge of other moneys deposited with the Trustee relating to such Bonds under such Indenture. **The Bonds will be limited obligations of the related Issuer as described above.**

THE FACILITIES

The Converse Series 1976 Bonds were issued in order to finance the acquisition, construction and improvement of the Dave Johnston Facilities installed at units 1, 2 and 3 of the Dave Johnston Plant. The Dave Johnston Plant is located on the North Platte River in Converse County, Wyoming near the town of Glenrock. The Dave Johnston Facilities financed by the Converse Series 1976 Bonds consist of: (1) electrostatic precipitators, designed to remove particulate matter from the boiler flue gas from units 1, 2 and 3 of the Dave Johnston Plant, and particulate collection and handling facilities; and (2) a cooling tower and water distribution system controlling a portion of the condenser heat rejection load from such units.

The Sweetwater Series 1975A Bonds and the Sweetwater Series 1975B Bonds were issued in order to finance the acquisition, construction and improvement of the Company's undivided 66 $\frac{2}{3}$ % interest in the Jim Bridger Facilities installed at units 1, 2 and 3 of the Jim Bridger Plant. The Jim Bridger Plant is located in Sweetwater County, Wyoming approximately 35 miles northeast of Rock Springs, Wyoming. The Jim Bridger Facilities financed by the Sweetwater Series 1975A Bonds and the Sweetwater Series 1975B Bonds consist of: (1) electrostatic precipitators, designed to remove particulate matter from the boiler flue gas from units 1, 2 and 3 of the Jim Bridger Plant, and particulate collection and handling facilities; (2) bag houses used to collect coal dust at conveyor transfer points; (3) a dust suppression system to prevent coal dust from becoming airborne; (4) nitrogen oxides emission control equipment to reduce the formation of nitrogen oxides by reducing the peak flame temperature of furnaces; and (5) a 500-acre evaporation pond located immediately north of the Plant for the treatment of cooling tower and internal waste water from the Jim Bridger Plant.

The Dave Johnston Facilities and the Jim Bridger Facilities are hereinafter referred to individually and collectively as the "Facilities." The Dave Johnston Plant and the Jim Bridger Plant are hereinafter referred to individually as a "Plant" and collectively as the "Plants."

USE OF PROCEEDS

The moneys made available to the Company from the sale of each Issue of the Bonds will be used to provide for the redemption of the Prior Bonds as follows: (1) on October 1, 1992, the principal amount of all Converse Series 1976 Bonds outstanding immediately prior to such redemption; (2) on October 1, 1992, the principal amount of all Sweetwater Series 1975A Bonds outstanding immediately prior to such redemption; and (3) on December 1, 1992, the principal amount of all Sweetwater Series 1975B Bonds outstanding immediately prior to such redemption. Underwriting fees and the costs of issuance of the Bonds will be paid from moneys other than the proceeds of the Bonds.

THE BONDS

Reference is hereby made to the Bonds in their entirety for the detailed provisions thereof. Certain terms used herein are set forth under "THE BONDS—Certain Definitions" herein.

The three Issues of Bonds will each be an entirely separate issue but will contain substantially similar terms and provisions, and the following is a summary of certain provisions common to the Bonds of the three Issues. A default in respect of one Issue will not, in and of itself, constitute a default in respect of any other Issue; however, the same occurrence may constitute a default with respect to more than one Issue. No Issue of the Bonds is entitled to the benefits of any payments or other security pledged for the benefit of the other Issues. Optional or extraordinary redemption of one Issue of the Bonds may be made in the manner described below without redemption of the other Issues. In the following summary of certain terms of the Bonds, except as otherwise noted, references to the Issuer, the Remarketing Agent (as hereinafter defined), the Agreement, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be), the Facilities, the Plant and other documents and parties are to the Issuer, the Remarketing Agent, the Agreement, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be), the Facilities, the Plant and other documents and parties relating to the respective Issues of the Bonds.

General

The Bonds will be dated as of September 1, 1992, will accrue interest starting on the date of authentication and delivery and will mature on the dates set forth on the cover page hereof. Bonds authenticated on or prior to the first Interest Date (as hereinafter defined) shall bear interest from the date of the first authentication and delivery of such Bonds. Bonds authenticated after the first Interest Date therefor shall bear interest from the first day succeeding the Interest Date therefor next preceding the date of authentication thereof (or, if such Bonds bear interest at a Term Interest Rate and such Bonds have been authenticated on a date after a Record Date therefor and on or before the next succeeding Interest Date therefor, from and including the day next succeeding such Interest Date). 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 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 designated as the delivery office of the Trustee and Registrar in New York, New York, for certain purposes. The Trustee and Registrar may be removed or replaced by an Issuer at the direction of the Company.

Principal of, and premium, if any, and interest on, the Bonds are payable at the place and in the manner specified on the cover page of this Official Statement. Bonds may be transferred or exchanged for Bonds of the same Issue and of authorized denominations at the principal corporate trust office in Chicago, Illinois of The First National Bank of Chicago, as Registrar or at the delivery office in New York, New York of the Trustee, without cost to the Owner, except for any tax or other governmental charge. Notwithstanding the foregoing, such transfer or exchange of any DTC Bonds (as hereinafter defined) will be effected through the book-entry system of DTC. (See "THE BONDS—Book-Entry System" herein.)

J. P. Morgan Securities Inc., at the direction of the Company, has been appointed Remarketing Agent (the "Remarketing Agent") with regard to the Bonds under remarketing agreements among it, the Company and the Issuer. The principal office of J. P. Morgan Securities 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 upon the giving of at least 30 days' notice, with the written consent of the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Issuer. The Remarketing Agent may at any time resign and be discharged of its duties and obligations as such by giving at least 30 days' notice to the Company, the Issuer, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), the Registrar and the Trustee. The Remarketing Agent may suspend its efforts to remarket the Bonds upon reasonably determining that it is advisable to do so.

Book-Entry System

It is expected that DTC will act as securities depository for the Bonds that bear interest at a Daily, Weekly, Monthly or Term Interest Rate ("DTC Bonds"). DTC Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond

certificate will be issued for the DTC Bonds of any Issue in the aggregate principal amount of such Issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in such Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of DTC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such DTC Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in DTC Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all DTC Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of DTC Bonds; DTC’s records reflect only the identity of Direct Participants to whose accounts such DTC Bonds are credited, which may or may not be Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Bonds of any Issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts DTC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, and premium, if any, and interest on, DTC Bonds will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts on the applicable payment date in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or

registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriter, the Issuer or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to DTC shall be the responsibility of the Issuer, the Trustee or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its DTC Bonds purchased or tendered, through its Direct or Indirect Participants, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in such DTC Bonds, on DTC's records, to the New York delivery office of the Trustee. The requirement for physical delivery of DTC Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Issuer and the Company believe to be reliable, but the Issuer and the Company take no responsibility for the accuracy thereof.

Neither the Issuer, the Company, the Underwriter, the Remarketing Agent nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any DTC Bond, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Interest on the Bonds

Flexible Rates. The Bonds shall initially bear interest at a Flexible Rate not exceeding 12% per annum, which is, with respect to each Bond for a Flexible Period, an interest rate on such Bond established as hereafter described. Such interest will be payable on the Flexible Date for such Bond. "Flexible Date" means, with respect to each Bond, the Business Day (as hereinafter defined) next succeeding the last day of a Flexible Period. "Flexible Period" means, with respect to each Bond bearing interest at a Flexible Rate, each consecutive period (one to no more than 270 days or one to no more than 365 or 366 days, as applicable, as allowed by the Company, as described under "THE LETTERS OF CREDIT—Substitute Letter of Credit" herein) established pursuant to the Indenture during which such Bond shall bear interest at a particular Flexible Rate. No Bond may have a Flexible Period exceeding the Interest Coverage Period (as hereinafter defined) of the Letter of Credit, initially 294 days. The Bank is under no obligation to increase the Interest Coverage Period of the Letter of Credit by issuance of a Substitute Letter of Credit or otherwise. On the date interest starts to accrue on Bonds at a Flexible Rate, and on each Flexible Date thereafter, except any Flexible Date that is a Conversion Date, the Remarketing Agent shall determine for each Flexible Period the rate of interest per annum which, in the judgment of the Remarketing Agent, when borne by a Bond having such a Flexible 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 100% of the principal amount thereof. If for any reason a Flexible 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 Flexible Period, the Flexible Rate for such Flexible Period shall equal the Flexible Rate determined by the Trustee as being equal to the earliest 30-day, 60-day or 90-day tax-exempt commercial paper rate published each day by Munifacts Wire System, Inc. (or its replacement), and representing, as of the date of determination thereof, the average of 30-day (if such Flexible Period is from one to 30 days in length), 60-day (if such Flexible Period is from 31 to 60 days in length) or 90-day (if such Flexible Period is 61 days or more in length), as the case may be, yield evaluations at par of securities, the interest on which is excludable from gross income for purposes of federal income

taxation, of issuers of commercial paper rated by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Corporation ("S&P") in its highest commercial paper Rating Category. If Munifacts Wire System, Inc. (or its replacement) does not publish such a 30-day, 60-day or 90-day, as the case may be, commercial paper rate, on the day on which a Flexible Rate is to be set, the Flexible Rate of such Bond for such period shall be the applicable percentage of the interest rate (the "Flexible Base Rate") for 30-day, 60-day or 90-day, as the case may be, taxable commercial paper (prime paper placed through dealers) announced by the Federal Reserve Bank of New York on the first Business Day of such Flexible Rate Period as determined on the basis of the table set forth below:

<u>Term of Next Succeeding Flexible Period</u>	<u>Applicable Percentage of Flexible Base Rate</u>
1-30 days	70%
31-60 days	73%
61 days or more	76%

Conversion to Alternative Rates. The method of determining interest payable on Bonds may be converted from a Flexible Rate to a Flexible Rate with a Flexible Period of different duration than the then current Flexible Period, a Daily Interest Rate, a Weekly Interest Rate or a Monthly Interest Rate (each, a "Floating Interest Rate") or to a Term Interest Rate (as each of those terms is described in Appendix C hereto) or from any such method of determination to any other method of determination under the conditions described under "CONVERSION OF RATE" herein. All Bonds of an Issue must bear interest based upon the same determination method, although within an Issue bearing interest at a Flexible Rate different Bonds of such Issue may bear different Flexible Rates reflecting different Flexible Periods. 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 Flexible Rate are described in Appendix C hereto.

Payment and Accrual of Interest. The Bonds shall bear interest from and including the date of the 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 Interest Rate (as hereinafter defined) and (ii) the rate determined as described hereunder and in Appendix C hereto. "Maximum Interest Rate" means (a) while a Letter of Credit (or an Alternate Credit Facility, if applicable) is outstanding, the lesser of 20% per annum and the Interest Coverage Rate and (b) at all other times, 20% per annum. "Interest Coverage Rate" means the rate specified in the Letter of Credit (or the Alternate Credit Facility, as the case may be), 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 (or the Alternate Credit Facility, as the case may be) (the "Interest Coverage Period"), initially 294 days.

Interest accrued on the Bonds during each Interest Period shall be paid to the Owners thereof as of the Record Date 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, for the actual number of days elapsed and, while the Bonds bear a Term Interest Rate, computed on the basis of a year of 360 days consisting of twelve 30-day months.

Certain Definitions

"Authorized Denomination" means (i) \$100,000 and integral multiples of \$5,000 in excess thereof while the Bonds bear interest at Floating Interest Rates and (ii) \$5,000 and integral multiples thereof while the Bonds bear interest at a Term Interest Rate.

"Business Day" means a day (a) on which banks located in New York, New York, banks located in the city in which the office of the Bank to which presentation of drafts upon the Letter of Credit are to be made (or the principal office 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 (b) on which the New York Stock Exchange, Inc. the principal office of the Remarketing Agent and the New York delivery office of the Trustee are not closed.

“Interest Date” means, with respect to any Interest Period (i) during which interest on the Bonds accrues at a Flexible Rate, the last day of the applicable Flexible Period, (ii) during which interest on the Bonds accrues at a Daily Interest Rate, a Weekly Interest Rate or a Monthly Interest Rate, the day next preceding the first Business Day of the next succeeding calendar month and (iii) during which interest on the Bonds accrues at a Term 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 interest determined by any method other than the Flexible Rate or a Term Interest Rate, the day next succeeding the Interest Date, (b) during such time as the Bonds bear a Flexible Rate or a Term Interest Rate, the first Business Day after the Interest Date (provided that if any Bond bears a Flexible Rate in the case where it was remarketed to the Remarketing Agent or in the event such Bond is held under the Pledge Agreement (as defined in the Indenture), the term “Interest Payment Date” with respect to such Bond shall mean the earlier of (i) the last day of the longest permissible Flexible Period and (ii) the date on which the Trustee receives written or telephonic notice, promptly confirmed in writing, from the Remarketing Agent that such Bond was remarketed) 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 Date and each succeeding period from and including the day next succeeding such Interest Date to and including the earlier of (i) the next succeeding Interest Date and (ii) the day next preceding a Conversion Date.

“Record Date” means (a) when a Bond bears interest at a Flexible Rate, the last day of a Flexible Period for such Bond; (b) when the Bonds bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Monthly Interest Rate, the Interest Date therefor; and (c) when the Bonds bear interest at a Term Interest Rate, the fifteenth day of the calendar month next preceding any Interest Payment Date.

Purchase of Bonds

Purchase While Bonds Bear Flexible Rates. On the Flexible Date with respect to a Bond, such Bond shall be purchased at a purchase price equal to 100% of the principal amount thereof upon delivery of such Bond (with all necessary endorsements) to the New York delivery office of the Trustee. If the Owner of such Bond elects not to have its Bond purchased on such Flexible Date, such 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 such Flexible Date stating that such Owner elects not to have its Bond purchased on such Flexible Date and stating the next Flexible Period 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 Flexible 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 the purchase of such Bonds shall be held in trust in a separate escrow account for a period of six months without liability for interest thereon and shall be paid to the Owner of such Bond upon presentation thereof. Thereafter, such Owners shall look to the Company for payment and the Company shall pay the purchase price of such Bonds to the Owners. 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 moneys representing the purchase price of such Bonds are available against delivery thereof at the New York delivery office of the Trustee and that interest on such Bonds ceased to accrue on the applicable Flexible Date.

While Bonds Bear Alternative Rates. While a Bond bears interest at a Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or a Term Interest Rate, such Bond will be purchased on the demand of the Owner thereof or upon mandatory tender thereof, as described in Appendix C hereto.

Funds for Purchase of Bonds. On the date on which Bonds delivered to the Trustee for purchase as specified under “THE BONDS—Purchase of Bonds—Purchase While Bonds Bear Flexible Rates” herein or as described in Appendix C hereto are to be purchased, such Bonds shall be purchased at a purchase price equal to 100% of 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, and the Trustee has no obligation 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 the Alternate Credit Facility, as the case may be, for the purchase of defeased Bonds;

(d) moneys drawn under the Letter of Credit or the Alternate Credit Facility, as the case may be, for such purchase; and

(e) any other moneys furnished by the Company for the 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 paragraphs (b) and (c) above, in such order of priority.

“Available Moneys” means (a) during such time as the Letter of Credit (or the Alternate Credit Facility which does not consist of Mortgage Bonds (as defined in the Indenture) of the Company, as the case may be) 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 any Affiliate (as defined in the Indenture) of 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 or any Affiliate of the Company were to become debtors under the United States Bankruptcy Code and (iii) any other money the application of which would 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 or any Affiliate of 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 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 Flexible Rates, the Remarketing Agent shall offer for sale and use its best efforts to remarket on a Flexible Date any Bond to be purchased on such Flexible Date, any such remarketing to be made at a price equal to 100% of the principal amount thereof and for such Flexible Periods as determined by the Remarketing Agent. In the event more than one prospective purchaser has offered to purchase a Bond on a Flexible Date, the Remarketing Agent shall remarket the Bond to the purchaser from among such prospective purchasers who has selected the next Flexible Period for such Bond which will, in the Remarketing Agent’s judgment, taking into consideration the overall yield curve determined as of such Flexible Date and projected market conditions during the succeeding 270 days or 365 or 366 days, as applicable (depending on the maximum length of the then current Interest Coverage Period), be the most beneficial for the financing program while the Bonds bear interest at Flexible Rates. Each such Bond shall have a Flexible Period selected by the purchaser thereof. If a Bond cannot be remarketed, the Flexible Period shall begin on the day next succeeding the Interest Date for the most recently ended Flexible Period and end on the earlier of (i) the first day preceding the date on which such Bond is remarketed and (ii) the last day permitted for a Flexible Period. While Bonds bear a Daily Interest Rate, a Weekly Interest Rate, a

Monthly Interest Rate or a Term 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 Appendix C to 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 remarketings of Bonds, if 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 INDENTURES—Defaults” herein of which the Remarketing Agent and the Trustee have actual knowledge.

Optional Redemption of Bonds

(a) While a Bond bears interest at a Flexible Rate, such Bond shall be subject to optional redemption, in whole on any Business Day or in part from time to time on any Interest Payment Date for such Bond by the Issuer (and if in part in an Authorized Denomination), at the written direction of the Company, at 100% of the principal amount thereof plus accrued interest to the date of redemption, if any, upon not less than 30 days’ prior notice from the Company to the Issuer, the Remarketing Agent 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, in whole on any Business Day or in part from time to time on any Interest Payment Date for such Bonds by the Issuer (and if in part in an Authorized Denomination), at the written direction of the Company, at 100% of the principal amount thereof plus accrued interest to the date of redemption, if any, upon not less than 30 days’ prior notice from the Company to the Issuer, the Remarketing Agent and the Trustee.

(c) While the Bonds bear interest at a Term Interest Rate, the Bonds shall be subject to optional redemption, in whole on any Business Day, or in part from time to time on any Interest Payment Date for such Bonds by the Issuer (and if in part in an Authorized Denomination), at the written direction of the Company, upon not less than 30 days’ prior notice from the Company to the Issuer, the Remarketing Agent and the Trustee; provided, however, that the Bonds shall not be redeemable during the period of time referred to under the No-Call Period column (the “No Call Period”) shown below, which shall begin on the first day of the Term Period. On and during the semi-annual period 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 accrued interest to the date of redemption. The redemption price shall decline semiannually by the amount shown in the Semi-Annual Reduction in Redemption Price column until the Bonds shall be redeemable without premium during the periods indicated in the No Premium column and in any later periods in the Term Period.

<u>Term Period Equal to or Greater Than</u>	<u>But Less Than</u>	<u>No-Call Period</u>	<u>Initial Redemption Price</u>	<u>Semi-Annual Reduction in Redemption Price</u>	<u>No Premium</u>
12 Years	N/A	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	19th Month
1 Year	2 Years	6 Months	100⅛	⅛	13th Month
6 Months	1 Year	6 Months	100	N/A	N/A

If the Term Period is less than six months, the Bonds will not be subject to optional redemption. While the Letter of Credit or the Alternate Credit Facility, as the case may be, is outstanding, the Company may only cause an optional redemption of Bonds 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 the 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.

Notwithstanding the foregoing, there shall not be so redeemed (a) Bonds delivered to the Trustee for purchase on any such Interest Payment Date or on any Business Day from the date of notice of such redemption through the date of such redemption, (b) Bonds purchased or deemed to have been purchased pursuant to the Indenture as described under "THE BONDS—Purchase by Company in Lieu of Redemption" herein and (c) Bonds issued in exchange for or upon the registration of transfer of Bonds referred to in clauses (a) and (b) above.

Extraordinary Optional Redemption of Bonds

On any Business Day, 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, upon not less than 30 days' prior notice from the Company to the Issuer, the Remarketing Agent and the Trustee, at 100% of 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 Plant is impracticable, uneconomical or undesirable for any reason; or

(ii) the Company shall have determined that the continued operation of the Facilities 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 Plant shall have been condemned or taken by eminent domain; or

(iv) all or substantially all of the operation of the Facilities or the Plant 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; or

(v) as a result of any changes in the Constitution of the State of Wyoming or the Constitution of the United States of America or as a result of legislation or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Company in good faith, the Agreement shall become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties, or shall have been declared to be unlawful, or unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Company, including, without limitation, federal, state or other ad valorem, property, income or other taxes not currently being imposed.

Special Mandatory Redemption of Bonds

The Bonds are subject to mandatory redemption in whole or in part at 100% of 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

includible in the gross income of any Owner thereof for purposes of federal income taxation, other than an Owner of a Bond who is a "substantial user" of the Facilities or a "related person" within the meaning of Section 103(b) (13) of the Internal Revenue Code of 1954, as amended, and the rules and regulations promulgated or applicable thereunder (the "1954 Code").

A "Determination of Taxability" shall be deemed to have occurred if, as a result of an Event of Taxability (as hereinafter defined), 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 as amended, and the rules and regulations promulgated or applicable thereunder (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 such 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 such 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 such 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 date of redemption, the Trustee shall make the required demand for prepayment of the amounts payable under the Agreement for prepayment of the Bonds and give notice of the redemption of the Bonds at the earliest practical date, but not later than the date specified in the 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.

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

The Bonds are subject to mandatory redemption by the Issuer, in whole, at a price equal to 100% of 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 Letter of Credit or the Alternate Credit Facility, as the case may be, except as provided in the following clause (ii), and (ii) a Business Day not fewer than five days next preceding the Business Day next preceding the termination date of the Letter of Credit or the Alternate Credit Facility, as the case may be, as specified by the Company in a notice regarding delivery of a proposed Alternate Credit Facility or with respect to termination of the Letter of Credit or the Alternate Credit Facility, as the case may be, except in connection with such delivery or termination where the Company provides written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the proposed Alternate Credit Facility or the proposed termination of the Letter of Credit or Alternate Credit Facility, as the case may be, and that the delivery of the proposed Alternate Credit Facility or such termination, respectively, will not, by itself, result in a reduction, suspension or withdrawal of its rating on the Bonds and further that the Company provides an opinion of Bond Counsel described under "THE LETTERS OF CREDIT—Alternate Credit Facility" and "THE LETTERS OF CREDIT—Termination of Letter of Credit or Alternate Credit Facility" herein. Notwithstanding the foregoing, there shall not be so redeemed (a) Bonds delivered to 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 under "THE BONDS—

Purchase by Company in Lieu of Redemption” herein 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 New York delivery 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 transfer thereof.

Redemption Upon Conversion

The Bonds shall be subject to mandatory redemption by the Issuer, in whole, on a Conversion Date (other than upon a conversion from a Term Interest Rate), at 100% of the principal amount thereof plus accrued interest, if any, and, in the case of a conversion from a Term Interest Rate, at the percentage of their principal amount at which they would be redeemed as described in paragraph (c) under “THE BONDS—Optional Redemption of Bonds” herein on the Conversion Date; provided that there shall not be so redeemed (a) Bonds delivered to 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 under “THE BONDS—Purchase by Company in Lieu of Redemption” herein, (d) Bonds issued in exchange for or upon the registration of transfer of Bonds referred to in clauses (a) and (b) above and (e) Bonds having a Term Period of less than six months. While the Letter of Credit or the Alternate Credit Facility, as the case may be, is outstanding, the Company may only cause a redemption of Bonds as described in 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 the 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 of Bonds subject to redemption may direct the Issuer not to redeem any of such Bonds by delivering to the New York delivery office of the Trustee on or before the third Business Day (unless such Bonds are to be converted to a Term Interest Rate, in which case the sixth 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 is delivered and shall be binding upon subsequent Owners of such Bonds, including Bonds issued in exchange therefor or upon the registration of 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 Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or Flexible Rates following conversion from a Term Interest Rate, in each case 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 direct the Trustee to purchase or cause to be purchased Bonds to be redeemed as described herein 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” herein at a purchase price equal to, in each case other than a purchase on conversion from a Term Interest Rate, 100% of the principal amount of the Bonds to be so purchased plus accrued interest, if any, and, in the case of a purchase on conversion from a Term Interest

Rate, the redemption price for redemption of such Bonds on the Conversion Date as described in paragraph (c) under "THE BONDS—Optional Redemption of Bonds" herein. 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 purchase, (ii) proceeds of the sale of such Bonds, (iii) Available Moneys or moneys drawn under the Letter of Credit or the Alternate Credit Facility, as the case may be, for the purchase of defeased Bonds, (iv) moneys drawn under the Letter of Credit or the Alternate Credit Facility, as the case may be, for such purchase and (v) any other moneys furnished by the Company for such purchase; provided, however, that funds for the payment of the purchase price of defeased Bonds shall be derived only from the sources described in clauses (ii) and (iii) above, in such order of priority; and provided further that if in connection with such redemption, the Letter of Credit or the Alternate Credit Facility which does not consist of Mortgage Bonds of the Company, as the case may be, is replaced with an Alternate Credit Facility consisting of 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 clause (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 Owners of such Bonds on such date of purchase, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on such Owners' part under the Indenture or on, or with respect to, such Bonds. 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 hereinafter defined) and the balance to the Company upon the written direction of the Company, and thereafter the former Owners of such Bonds 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 date of redemption, 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. Such notice will also be sent to major bond rating agencies, certificate depositories and bond information services.

With respect to notice of any optional redemption of the Bonds, as described above, unless upon the giving of such notice such Bonds 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, and 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 reimbursement agreements dated as of September 1, 1992 between the Company

and the Bank 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), as well as a description of certain terms of the Agreement. In the following summary of certain terms of the Letters of Credit, except as otherwise noted, references to the Issuer, the Agreement, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be), the Reimbursement Agreement and other documents and parties are to the Issuer, the Agreement, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be), the Reimbursement Agreement and other documents and parties, respectively, relating to each Issue of the Bonds.

The Letter of Credit will be an irrevocable direct-pay obligation of the Bank 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 Trustee to pay the portion of the purchase price equal to 100% of the principal amount of Bonds delivered or deemed delivered to it for purchase at the option of the Owners thereof or upon mandatory tender thereof and not remarketed by the Remarketing Agent or (iii) to enable the Company to purchase Bonds in lieu of redemption under certain circumstances, plus (b) an amount equal to, initially, up 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 to pay the portion of the purchase price of Bonds properly delivered for purchase equal to the accrued interest, if any, on such Bonds. The Company is permitted under the Reimbursement Agreement and the Agreement 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 of any of the Letters of Credit. The initial Letter of Credit does not provide for drawings in respect of the amount of any redemption premium payable on the Bonds, and the Bank is under no obligation to amend the Letter of Credit to provide therefor.

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 Trustee to pay the purchase price of Bonds delivered for purchase and not remarketed by the Remarketing Agent, the amount that may be drawn under the Letter of Credit shall be immediately reinstated to the extent of such drawing upon the Bank's reimbursement thereof by the Company. 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, plus, initially, up to 294 days' interest accrued and unpaid on the Bonds, less reductions of the principal and interest portions of the Letter of Credit on account of amounts paid in respect of principal or interest for which the Letter of Credit has not been reinstated as described above.

The initial Letter of Credit shall expire (the "Expiration Date") at 4:00 p.m. local time in Los Angeles, California, upon the earliest of (i) September 29, 1995, unless such Letter of Credit is otherwise extended pursuant to an agreement between the Bank and the Company, (ii) the making of a final drawing under such Letter of Credit and (iii) the date the Trustee surrenders such Letter of Credit to the Bank for cancellation. The Trustee agrees to surrender the Letter of Credit to the Bank, and not to make any drawing, after (i) the Expiration Date, (ii) there are no Bonds outstanding under the Indenture or (iii) 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 on any Business Day of an Alternate Credit Facility to replace a Letter of Credit or the Alternate Credit Facility, as the case may be, then in effect. 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 impair the validity under the Act of the Bonds or 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, and 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 such proposed Alternate Credit Facility will not, by itself, result in a reduction, suspension 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. In that event, the Bonds are subject to redemption as more fully described under “THE BONDS—Redemption Upon Expiration or Termination of Letter of Credit or Alternate Credit Facility” herein.

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 Flexible Rate, reduces the Interest Coverage Period to a period shorter than 294 days (during such time as Flexible Periods can be from one to no more than 270 days) or 389 or 390 days, as applicable (during such time as Flexible Periods can be from one to no more than 365 or 366 days, as applicable);
- (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 Term Interest Rate, reduces the Interest Coverage Period to a period shorter than 208 days; or
- (iv) decreases the Interest Coverage Rate below 12%.

The Company may, at its option, at any time direct in writing the Trustee and the Remarketing Agent to allow the selection of Flexible Periods of from one to no more than 365 or 366 days, as applicable, or from one to no more than 270 days, but only if, in the case of Flexible Periods of from one to no more than 365 or 366 days, as applicable, 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. The Bank is under no obligation to provide such a Substitute Letter of Credit.

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 the Alternate Credit Facility, as the case may be, 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 the Alternate Credit Facility, as the case may be, is authorized under the Agreement and complies with the terms thereof and will not impair the validity under the Act of the Bonds or 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, and 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, as the case may be, and that such termination will not, by itself, result in a reduction, suspension 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 the Alternate Credit Facility, as the case may be, then in effect when the above-described evidence from Moody’s or S&P is not received. In that event, the Bonds are subject to redemption as more fully described under “THE BONDS—Redemption Upon Expiration or Termination of Letter of Credit or Alternate Credit Facility” herein.

CONVERSION OF RATE

The Bonds of each Issue will be independent of the other Issues and a conversion to an alternative rate with respect to one Issue will not necessarily result in a conversion with respect to any 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 three Issues. All references in this summary to the Issuer, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be) and other documents and parties are to the Issuer, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be) and other documents and parties, respectively, relating to each Issue of the Bonds.

Conversion to Term 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 Term Interest Rate, to a Term Interest Rate with a Term Period of different duration than the then current Term Period, to any of the Floating Interest Rates, to a Flexible Rate, or to a Flexible Rate with a Flexible Period of different duration than the then current Flexible Period, in each case upon receipt by the Trustee of a written direction from the Company specifying the specific method of interest accrual on the Bonds and the Conversion 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 the 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 duration of the Term Period (which must be a period of six months or an integral multiple thereof, provided that the first Term 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, a Business Day not less than 30 days after the date of receipt by the Trustee of the written direction from the Company specified above or (b) if the Existing Rate is a Term Interest Rate, an Interest Payment Date not less than 20 days after the date of receipt by the Trustee of the written notice from the Company specified above and not prior to the end of the No-Call Period for such Term Period. Such written direction shall be accompanied by a written opinion, addressed to the Trustee, the Issuer, the Company, the Bank (or the Obligor on the 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 the Remarketing Agent stating that such conversion (i) is authorized or permitted by the Indenture, (ii) will not cause interest on such 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 state law. The conversion of the interest rate borne by such Bonds shall not become effective unless on the Conversion Date the Trustee shall have received an opinion of Bond Counsel dated such 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 subject to conversion 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 Conversion Date, (iii) the procedures and dates involved in determining the rate and the procedure for notifying Owners of the alternative interest rate, (iv) when interest on the Bonds will be payable after such Conversion Date, (v) if the Trustee has been so notified by the Company, whether the Letter of Credit or the Alternate Credit Facility, as the case may be, will be in effect after such Conversion Date and, if so, the issuer, the expiration terms and the interest coverage (including the Interest Coverage Period and the Interest Coverage Rate) of the Letter of Credit or the Alternate Credit Facility, as the case may be, (vi) whether subsequent to such Conversion Date the Owners of Bonds will no longer have the right to deliver Bonds to the Trustee for purchase, (vii) that the rating on the Bonds by Moody's, if such Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, may be reduced, suspended or withdrawn and (viii) that all outstanding Bonds not repurchased on or prior to such

Conversion Date will be redeemed on such Conversion 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

Loan Payments

Each Agreement will operate independently. A default under one Agreement will not necessarily constitute a default under the other Agreement, nor will a default in regard to one Issue necessarily constitute a default with regard to another Issue subject to the same Agreement. The Agreements contain substantially identical terms, and the following is a summary of certain provisions common to the two Agreements. All references in this summary to the Issuer, the Loan Agreement, the Loan Payments, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be) and other documents and parties are to the Issuer, the Loan Agreement, the Loan Payments, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be) and other documents and parties, respectively, relating to each Issue of the Bonds.

As Loan Payments, the Company will pay to the Trustee, for the account of the Issuer, an amount equal to the principal of, and 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, and 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 such 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 simultaneously with the original issuance and delivery of the Bonds. 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, and 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 Trustee

The Company will pay to the Trustee amounts equal to the amounts to be paid by the Trustee pursuant to the Indenture for the purchase of outstanding Bonds, such amounts to be paid by the Company to the Trustee 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 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 simultaneously with the original issuance and delivery of the Bonds. 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 such Bonds.

Obligation Absolute

The Company's obligation to make Loan Payments and payments to 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 the Obligor on the Alternate Credit Facility, as the case may be), 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, the Escrow Agent, Moody's and S&P directly to each 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" and "OTHER TAX CONSEQUENCES" herein.

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 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 the 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 also may (a) consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia), or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the resulting, surviving or transferee corporation, as the case may be, shall be the Company or a corporation, qualified to do business in the State of Wyoming as a foreign corporation or incorporated and existing under the laws of the State of Wyoming, which 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 such 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 Trustee for the purchase of Bonds, which failure shall have resulted in an "Event of Default" as described in paragraph (a), (b) or (c) under "THE INDENTURES—Defaults" herein;

(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 to be observed or performed (other than a failure described in paragraph (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 paragraph (a) or (c) under "THE INDENTURES—Defaults" herein 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.

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 description under "THE INDENTURES—Amendment of the Agreement" herein.

THE INDENTURES

Pledge and Security

Each Indenture will operate independently. A default under one Indenture will not necessarily constitute a default under the other Indenture, nor will a default in regard to one Issue necessarily constitute a default with regard to another Issue subject to the same Indenture. The Indentures contain substantially similar terms, and the following is a summary of certain provisions common to the Indentures. All references in this summary to the Issuer, the Loan Agreement, the Loan Payments, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be), Available Moneys, Bond Fund, Principal Account, Interest Account and other documents and parties are to the Issuer, the Loan Agreement, the Loan Payments, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be), Available Moneys, Bond Fund, Principal Account, Interest Account and other documents and parties, respectively, relating to each Issue of the Bonds.

Pursuant to the Indenture, 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. Loan Payments to be made with respect to an Issue will not be pledged to secure the payment of amounts due with respect to any other Issue, and each Letter of Credit or Alternate Credit Facility, as the case may be, will secure only the Issue with respect to which such Letter of Credit or Alternate Credit Facility, as the case may be, was given as security. The Issuer will 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 the Alternate Credit Facility, as the case may be).

Application of the Bond Fund

There is created under the Indenture a Bond Fund and therein established a Principal Account and an Interest Account for each Issue of the Bonds. Loan Payments, amounts drawn by the Trustee under the Letter of Credit (or the 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 a tax certificate and agreement among the Trustee, the 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 under "THE INDENTURES—Pledge and Security" herein.

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 the 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 the Alternate Credit Facility, as the case may be) moneys drawn under the Letter of Credit (or the 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 such 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 (unless such redemption is conditional upon the receipt of moneys by the Trustee on or prior to the date fixed for redemption and such moneys are not so received) 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 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 to pay interest on the Bonds 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), other than as described in paragraph (d) above;

(f) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision contained in the Bonds or the Indenture (other than a failure described in paragraph (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; or

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

Remedies

Upon the occurrence (without waiver or cure) of (i) an Event of Default described in paragraph (a), (b) or (c) under "THE INDENTURES—Defaults" herein or an Event of Default described in paragraph (g) under "THE INDENTURES—Defaults" herein resulting from an "Event of Default" under the Agreement as described under paragraph (a) or (c) under "THE AGREEMENTS—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 shall) or (ii) an Event of Default described in paragraph (d) or (e) under "THE INDENTURES—Defaults" herein, 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 the 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, the Remarketing Agent 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 the 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, as the case may be, 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 and 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 and 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 paragraph (d) or (e) under "THE INDENTURES—Defaults" herein shall have occurred and if the Trustee shall thereafter have received written 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 under 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 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. The Trustee shall waive any Event of Default and its consequences and rescind any declaration of acceleration of principal upon the written request of the Owners of (a) more than two-thirds ($\frac{2}{3}$) in aggregate principal amount of all Outstanding Bonds in respect of which default in the payment of principal of, or interest on, such Bonds exists or (b) more than two-thirds ($\frac{2}{3}$) in aggregate principal amount of all Outstanding Bonds in the case of any other Event of Default; provided, however, that any Event of Default described in paragraph (d) or (e) under "THE INDENTURES—Defaults" herein may only be waived after written notice that the notice of the Bank which caused the declaration of such Event of Default has been withdrawn and the Letter of Credit has 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; and provided, further that any Event of Default described under paragraph (a) or (b) under "THE INDENTURES—Defaults" herein may only be waived after there has been 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 of acceleration (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). No Event of Default shall be waived unless, in addition to the amounts described above, an amount has been deposited with the Trustee sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee.

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, to make certain payments with respect to the Bonds and to draw on the Letter of Credit (or the Alternate Credit Facility, as the case may be)) or to enforce the trusts created by the Indenture except upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it.

The Owners of a majority in principal amount of Bonds then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings 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 and interest on such Bond on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Owner of such Bond.

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 such 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 the Alternate Credit Facility, as the case may be;

(c) the moneys so deposited with the Trustee shall be in an amount sufficient to pay when due the principal of, and premium, if any, and interest due and to become due (which amount of interest to become due shall be calculated at the Maximum Interest Rate) on, such Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be;

(d) in the event such 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 such Bonds or portions thereof that the deposit required by clause (b) above has been made with the Trustee and that such 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 such Bonds or portions thereof;

(e) the Trustee shall have received written evidence from Moody's, if such Bonds are then rated by Moody's, and S&P, if such Bonds are then rated by S&P, that such action will not result in a reduction, suspension or withdrawal of the rating on such Bonds by Moody's or S&P, as the case may be;

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

(g) the Trustee, Moody's, if such Bonds are then rated by Moody's, and S&P, if such Bonds are then rated by S&P, shall have received an opinion of Bond Counsel to the effect that such deposit will not adversely affect the exclusion of interest on such Bonds from gross income for purposes of federal income taxation ("Bond Counsel's Opinion"); and

(h) the Trustee, Moody's, if such Bonds are then rated by Moody's, and S&P, if such Bonds are then rated by S&P, shall have received an unqualified opinion of counsel experienced in bankruptcy matters, selected by the Company, to the effect that the payment of such Bonds from the amounts so deposited would not result in a voidable preference under Section 547 of the United States Bankruptcy Code in the event the Issuer or the Company or an Affiliate of the Company were to become debtors under the United States Bankruptcy Code ("Bankruptcy Counsel's Opinion").

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 such 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 and (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 Trustee for purchase and the related obligations of 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 such 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 the 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 setting aside exclusively for such payment, (1) Available Moneys or moneys drawn under the Letter of Credit or the Alternate Credit Facility, as the case may be, sufficient without reinvestment to make such payment and/or (2) certain Government Obligations described in the Indenture purchased with Available Moneys or moneys drawn under the Letter of Credit or the 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, (b) all necessary and proper fees, compensation and expenses of the Trustee and the Registrar pertaining to such 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 and (c) Accountant's Opinion, Bond Counsel's Opinion and Bankruptcy Counsel's Opinion shall have been delivered to the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P. The provisions of this paragraph 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 under "THE BONDS—Purchase of Bonds" herein 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 registration and exchange of Bonds and 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 such 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) of the immediately preceding paragraph has been made with the Trustee and that such 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 such 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 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 depository to accept tendered Bonds in lieu of the Trustee; (h) to provide for uncertificated Bonds issued in whole or in part in the form of one or more Bonds issued to DTC or another depository or clearing corporation 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 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.

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, and premium, if any, or interest on, any Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price thereof or the rate of interest thereon, (b) the creation of a claim or lien on or a pledge of the 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 therein, (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 Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Owners of not less than 60% in aggregate principal amount of the Bonds at the time outstanding; provided, however, that, unless approved in writing by the Owners of all Bonds affected thereby, nothing in the Indenture shall permit, or be construed as permitting, a change in the obligations of the Company to make Loan Payments or payments to the Trustee for the purchase of Bonds. 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.

LITIGATION

There is not now pending or, to the knowledge of the respective Issuers, threatened, any litigation restraining or enjoining the issuance or delivery of Bonds by such Issuer or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the knowledge of the respective Issuers, threatened, which in any manner questions the right of the Issuers to enter into their respective Indentures or Loan Agreements or to secure the Bonds in the manner provided in the respective Indentures and the Act.

RATINGS

It is anticipated that Moody's will assign each Issue of the Bonds long-term and short-term ratings of Aaa and VMIG-1, respectively, and S&P will assign each Issue of the Bonds long-term and short-term ratings of AAA and A-1+, respectively. Explanation of the significance of such ratings may be obtained from Moody's at 99 Church Street, New York, New York 10007 and from S&P at 25 Broadway, New York, New York 10004. Such ratings reflect only the views of each such organization at the time such ratings are issued. There is no assurance that such ratings, if assigned, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings can be expected to have an adverse effect on the market price of the Bonds.

UNDERWRITING

J.P. Morgan Securities Inc., as Underwriter, has agreed to purchase the Converse Bonds, the Sweetwater A Bonds and the Sweetwater B Bonds from the respective Issuers thereof, in each case at a purchase price of 100% of the principal amount thereof. The Underwriter is committed to purchase all of each Issue of the Bonds if any are purchased. The Company has agreed to pay the Underwriter an aggregate fee of \$22,485 for the Converse Bonds, \$9,335 for the Sweetwater A Bonds and \$6,305 for the Sweetwater B Bonds, and to indemnify the Underwriter against certain liabilities, including certain 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.

In the ordinary course of their respective businesses, affiliates of the Underwriter have engaged, and will in the future engage, in commercial and investment banking activities with the Company and certain of its affiliates, including acting as agent bank on certain of the Company's revolving credit facilities.

TAX EXEMPTION

Opinion of Bond Counsel. In the opinion of Stoel Rives Boley Jones & Grey, Portland, Oregon, Bond Counsel, under existing laws, court decisions, rulings and regulations: (i) assuming continuing compliance by each Issuer and the Company with its covenants relating to the federal tax-exempt status of the interest on the Bonds (the "Tax Covenants"), under Section 103 of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated or applicable thereunder (the "Code"), the interest on the Bonds of each Issue is not includable for federal income tax purposes in the gross income of Owners thereof (other than an Owner who is a "substantial user" of the facilities refinanced out of the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code); and (ii) the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds of each Issue. The forms of opinions to be rendered by Bond Counsel are included as Appendices D, E and F to this Official Statement.

Failure to comply with the Tax Covenants could cause interest on the Bonds to become includable for federal income tax purposes in the gross incomes of the Owners thereof, which includability in gross income could be retroactive to the date of issuance of such Bonds.

Bond Counsel has not been engaged to, and will not undertake to, monitor compliance with the Tax Covenants or inform any person as to whether the Tax Covenants are being complied with.

No Opinion as to Subsequent Events. Certain terms, requirements and procedures contained or referred to in the Bond Resolution adopted by each Issuer and other relevant documents may be changed and certain

actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents. Stoel Rives Boley Jones & Grey expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of counsel other than Stoel Rives Boley Jones & Grey.

Federal Alternative Minimum Taxes. Bond Counsel observes that the Bonds are "private activity bonds" within the meaning of Section 141 of the Code. However, the Bonds are being issued to refund bonds issued prior to August 8, 1986 and, as a consequence, the Bonds are not "private activity bonds" for purposes of Section 57 of the Code. Therefore, interest on the Bonds will not be subject to the federal alternative minimum tax imposed on individuals, corporations and other taxpayers. Bond Counsel further observes that for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings.

Scope of Bond Counsel's Engagement: Bond Counsel has been engaged solely for the purpose of rendering advice as to various state and federal laws (but not including any federal or state securities laws) relating to the issuance and tax-exempt status of the Bonds, preparing certain of the documents and proceedings pertaining to the issuance of the Bonds and rendering the opinions set forth in Appendices D, E and F hereto. Bond Counsel has not been engaged to review, and expresses no opinion as to, the fairness, accuracy or completeness of this Official Statement. Bond Counsel's engagement with respect to the Bonds concludes with the delivery of the Bonds and the rendition of the opinions in the form set forth in Appendices D, E and F hereto, and Bond Counsel has not undertaken any obligation to update such opinions or otherwise render any advice with respect to the Bonds subsequent to the initial delivery of the Bonds.

OTHER TAX CONSEQUENCES

Although Bond Counsel will render an opinion that the interest on the Bonds of each Issue is excluded from federal gross income and that the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds, the accrual or receipt of interest on the Bonds may otherwise affect the owner's federal, state and local tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deductions. Without limiting the generality of the foregoing, taxpayers that may experience other federal income tax consequences from ownership of the Bonds include individual recipients of Social Security or Railroad Retirement benefits, persons deemed to have incurred or continued indebtedness in order to purchase or carry tax-exempt obligations such as the Bonds, foreign corporations with United States trades or businesses, S Corporations with Subchapter C earnings and profits, and property and casualty insurance companies and certain corporations subject to the environmental tax. Bond Counsel expresses no opinion regarding any such other tax consequences. Prospective investors should consult with their tax advisors as to all federal, state and local tax consequences of investing in, owning or receiving interest on the Bonds.

CERTAIN LEGAL MATTERS

The validity of each Issue of the Bonds will be passed upon by Stoel Rives Boley Jones & Grey as Bond Counsel, and the Underwriter's obligation to purchase any Issue of the Bonds is subject to certain conditions, including 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 Winthrop, Stimson, Putnam & Roberts, as Counsel for the Underwriter. Certain legal matters will be passed upon for Converse County, Wyoming by the County Attorney, Thomas A. Burley, and for Sweetwater County, Wyoming by its County and Prosecuting Attorney, Sue Kearns. The validity of the Letters of Credit will be passed upon for Union Bank of Switzerland, Los Angeles Branch by its U.S. counsel, Gibson, Dunn & Crutcher, and by its Swiss counsel, Henrici, Wicki & Guggisberg.

Stoel Rives Boley Jones & Grey regularly acts as the primary outside general counsel to the Company and its principal 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 of the Issuers. The Issuers, however, have not reviewed and are not responsible for any information set forth herein except that information supplied by each Issuer with respect to itself and contained under "THE ISSUERS" and "LITIGATION" herein.

CONVERSE COUNTY, WYOMING

By /s/ JOHN PEXTON
Chair, Board of County Commissioners

SWEETWATER COUNTY, WYOMING

By /s/ FRED RADOSEVICH
Chair, Board of County Commissioners

APPENDIX A

PACIFICORP

PacifiCorp, an Oregon corporation ("PacifiCorp"), is a diversified electric utility that conducts its retail electric utility business as Pacific Power & Light Company ("Pacific Power") and Utah Power and Light Company ("Utah Power"), and engages in power production and sales on a wholesale basis under the name PacifiCorp. PacifiCorp is the indirect owner, through PacifiCorp Holdings, Inc., a wholly owned subsidiary, of approximately 82% of NERCO, Inc. ("NERCO"), 87% of Pacific Telecom, Inc. ("Pacific Telecom") and 100% of PacifiCorp Financial Services, Inc. ("PacifiCorp Financial Services").

Pacific Power furnishes electric service in portions of six western states: Oregon, Wyoming, Washington, Idaho, California and Montana. Utah Power furnishes electric service in portions of three western states: Utah, Wyoming and Idaho. NERCO is a natural resource company that is a significant producer of coal, gold and silver in North America, and of gas and oil in the Gulf Coast region of the United States, and is also engaged in the exploration for and development of precious metals, gas and oil. Pacific Telecom, through its subsidiaries, provides local telephone and access services in Alaska, seven other western states and three midwestern states, provides intrastate and interstate long distance communication services in Alaska, provides cellular mobile telecommunication services, and is engaged in sales of capacity in a submarine fiber-optic cable between the United States and Japan. PacifiCorp Financial Services offers specialized financial services, including aviation financing, computer leasing and real estate investments.

The principal executive offices of PacifiCorp are located at 700 NE Multnomah, Suite 1600, Portland, Oregon 97232-4116; the telephone number is (503) 731-2000.

AVAILABLE INFORMATION

PacifiCorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Such reports, proxy statements and other information can be inspected and copied at the offices of the SEC at 450 Fifth Street, N.W., Washington, D.C.; Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Ill.; and 75 Park Place, 14th Floor, New York, N.Y. Copies of this material can also be obtained at prescribed rates from the Public Reference Section of the SEC at its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Common Stock of the Company is listed on the New York and Pacific Stock Exchanges. Reports, proxy statements and other information concerning PacifiCorp may also be inspected and copied at the respective offices of the New York and Pacific Stock Exchanges at 20 Broad Street, New York, New York and 301 Pine Street, San Francisco, California.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by PacifiCorp with the SEC pursuant to the Exchange Act are incorporated in this Appendix A by reference:

- (1) Annual Report on Form 10-K for the year ended December 31, 1991 (as amended by Form 8 dated May 5, 1992);
- (2) Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 1992; and
- (3) Current Reports on Form 8-K dated January 7, February 12, March 18, May 6, May 29, August 27 and September 17, 1992.

All reports filed pursuant to Section 13, 14 or 15(d) of the Exchange Act 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.

PacifiCorp 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 Corporate Shareholder Services, PacifiCorp, 700 NE Multnomah, Suite 700, Portland, Oregon 97232-4107. The telephone number is (503) 731-2000.

INDEPENDENT REVIEW

The audited consolidated financial statements of PacifiCorp and its subsidiaries and consolidated financial statement schedules incorporated by reference in this Official Statement have been audited by Deloitte & Touche, independent auditors, as stated in their reports included in or incorporated by reference in the Annual Reports on Form 10-K incorporated by reference herein.

SELECTED FINANCIAL INFORMATION

The following selected financial information for each of the three years in the period ended December 31, 1991 and six months ended June 30, 1992, has been derived from the consolidated financial statements of PacifiCorp for the respective periods. The consolidated financial statements for the three-year period ended December 31, 1991 have been audited by Deloitte & Touche, independent auditors, and the reports of Deloitte & Touche are incorporated in this Appendix A by reference. This selected financial information should be read in conjunction with the financial statements and related notes thereto included in the documents incorporated herein by reference.

	(Dollars in Millions)			
	Six Months Ended June 30, 1992(a)	Year Ended December 31,		
		1991	1990	1989
Income Statement Data				
Revenues	\$1,876.8	\$4,007.0	\$3,838.3	\$3,633.5
Expenses (b)	<u>1,861.9</u>	<u>2,881.3</u>	<u>2,747.8</u>	<u>2,599.2</u>
Income from Operations	14.9	1,125.7	1,090.5	1,034.3
Interest Expense, Income Taxes and Other ..	<u>127.0</u>	<u>618.5</u>	<u>616.6</u>	<u>568.7</u>
Net Income	<u>\$ (112.1)</u>	<u>\$ 507.2</u>	<u>\$ 473.9</u>	<u>\$ 465.6</u>
Capitalization				
Common Equity	\$3,302.4	\$3,511.6	\$3,207.8	\$3,006.6
Preferred Stock	467.4	342.4	342.4	242.4
Preferred Stock Subject to Mandatory Redemption	225.0	150.0	50.0	50.0
Long Term Debt and Capital Lease Obligations	4,365.6	4,620.2	3,976.5	3,536.9
PacifiCorp Financial Services Long Term Debt (c)	<u>542.7</u>	<u>574.3</u>	<u>695.1</u>	<u>857.7</u>
Total	<u>\$8,903.1</u>	<u>\$9,198.5</u>	<u>\$8,271.8</u>	<u>\$7,693.6</u>

(a) In the first quarter of 1992, PacifiCorp reported noncash after-tax charges to income of \$277,000,000 resulting primarily from reductions in the carrying value of certain assets of the oil and gas and financial services businesses of NERCO and PacifiCorp Financial Services, respectively. Of the \$145,000,000 charge attributable to NERCO, \$123,000,000 resulted from adjustments to the net realizable value of proved and unproved oil and gas properties caused by the significant decline in natural gas prices in the first quarter of 1992 and \$22,000,000 resulted from the creation of a reserve in anticipation of the disposition during 1992 of certain coal and oil and gas assets. The remaining charge of \$132,000,000 resulted from reductions in the carrying value of certain financial services assets and other assets held in PacifiCorp's nonregulated units. For additional information concerning these matters, see the documents incorporated herein under "Incorporation of Certain Documents by Reference."

(b) Includes interest expense of PacifiCorp Financial Services.

(c) Includes current portion of long-term debt of PacifiCorp Financial Services.

RATIO OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges for the years ended December 31, 1987 through 1991, calculated as required by the SEC, are 2.62x, 2.39x, 2.37x, 2.39x and 2.43x, respectively. The Company's earnings were inadequate to cover fixed charges for the six months ended June 30, 1992. The deficiency is approximately \$216,900,000 resulting from \$467,400,000 of noncash pretax charges to income taken in March 1992. For the purpose of computing such ratios, "fixed charges" represents consolidated interest charges, an estimated amount representing the interest factor in rents and preferred stock dividend requirements of majority-owned subsidiaries. "Earnings" represents the aggregate of (a) net income, (b) taxes based on income, (c) minority interest in the income of majority-owned subsidiaries that have fixed charges, (d) fixed charges and (e) undistributed income and losses of less than 50% owned affiliates without loan guarantees.

APPENDIX B

Union Bank of Switzerland, Los Angeles Branch

Union Bank of Switzerland ("UBS"), a Swiss banking corporation, was chartered as a bank located in Zurich in 1912. UBS's principal executive offices are located at Bahnhofstrasse 45, Zurich. On the basis of total assets and reported capital funds as of December 31, 1991, UBS is the largest bank in Switzerland. The Los Angeles Branch of UBS is licensed by the Comptroller of the Currency (the "Comptroller") to conduct a banking business as a branch of a foreign bank. The office of the Los Angeles Branch is located at 444 South Flower Street, Los Angeles, California 90071.

UBS has 287 banking offices throughout Switzerland. UBS also has United States branches, agencies, representative offices and subsidiaries in New York, Chicago, Houston, Los Angeles and San Francisco and other foreign offices, including branches, representative offices and subsidiaries, in Beijing, Frankfurt, Hong Kong, London, Luxembourg, Panama, Singapore, Sydney, Taipei, Tokyo and Toronto, for a total of 49 business offices abroad. In addition to the receipt of deposits and the making of loans and advances, UBS engages in other banking and bank-related activities typical of the world's major international banks, including fiduciary, investment advisory and custodial services, foreign exchange and underwriting in the United States, Swiss and Euro-capital markets.

As a Swiss bank, UBS is subject to regulation by the Swiss Federal Banking Commission (the "Swiss Commission") and the Swiss National Bank, and its business is subject to inspection by an independent auditing firm. The auditors review compliance with the Swiss Banking Law and are required to report uncured violations or irregularities to the Swiss Commission, which is authorized to enforce compliance with the Swiss Banking Law. The Swiss National Bank oversees the financial condition and liquidity of Swiss banks. UBS is required to file with the Swiss National Bank annual statements of condition, monthly interim balance sheets, quarterly liquidity statements and other information regarding its financial condition. Information provided to the Swiss Commission and the Swiss National Bank is not available to the general public.

In addition to regulation by the Swiss banking authorities, UBS is subject to regulatory oversight in the United States. The scope of UBS's activities (directly or through subsidiaries) in the United States is limited by the International Banking Act of 1978 and the Bank Holding Company Act of 1956. The Los Angeles Branch is licensed by the Comptroller, pursuant to the International Banking Act of 1978, to conduct a banking business as a branch of a foreign bank. It is required to make reports to, and is subject to examination by, the Comptroller and the Federal Reserve Board.

At December 31, 1991, UBS had total assets of Sfr. 199.2 billion, total deposits (including due to banks) of Sfr. 152.1 billion, notes, bonds and other liabilities of Sfr. 32.6 billion and equity capital and reserves of Sfr. 13.9 billion. At December 31, 1991, foreign (i.e., non-Swiss) business accounted for approximately 50.9% of UBS's assets and 51.5% of its liabilities. Such amounts are as reflected in UBS's 1991 Annual Report to Shareholders and do not include UBS's consolidated subsidiaries. The accounting principles applied in the preparation of its financial statements (and therefore reflected herein) may not conform to generally accepted accounting principles applied by United States banks.

Copies of UBS's annual reports to shareholders are available from the Los Angeles Branch on request at the address in Los Angeles, set forth above.

APPENDIX C

ALTERNATIVE INTEREST RATES

The following is a description of the interest rate and purchase provisions common to each Issue of the Bonds while the Bonds of such Issue bear a Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or a Term Interest Rate. The method by which the interest rate on Bonds is determined can be changed as described in the Official Statement under "CONVERSION OF RATE." All references in this description to the Issuer, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be) and other documents and parties are to the Issuer, the Indenture, the Bonds, the Letter of Credit (or the Alternate Credit Facility, as the case may be) and other documents and parties, respectively, relating to each Issue of the Bonds.

Interest Provisions

Daily Interest Rate. With respect to each day that the Bonds are to bear a Daily Interest Rate, the Daily Interest Rate shall be determined by the Remarketing Agent to be the rate of interest per annum which, in the judgment of the Remarketing Agent, when borne by such Bonds would be the minimum interest rate necessary to enable the Remarketing Agent to sell such Bonds on such date at 100% of the principal amount thereof plus accrued interest, if any; provided, however, that (i) 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 such Bonds shall bear interest at the rate so determined and (ii) 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 Daily Interest Rate determined by the Trustee as being equal to the average of 30-day yield evaluations at par of securities, the interest on which is excludible from gross income for purposes of federal income taxation, of issuers of commercial paper rated by Moody's or S&P in its highest commercial paper Rating Category. Initially, such rate will be the earliest rate published each day by Munifacts Wire System, Inc. The Issuer will, at the request of the Company, designate to the Trustee and the Remarketing Agent a replacement publisher. If Munifacts Wire System, Inc. or such replacement publisher does not publish such a commercial paper rate on a day on which a Daily Interest Rate is to be set, the Remarketing Agent will set the Daily Interest Rate at 70% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced on such day by the Federal Reserve Bank of New York.

Weekly Interest Rate. With respect to each weekly period the Bonds are to bear interest at a Weekly Interest Rate (such weekly period to commence on the Conversion Date therefor or on a Wednesday, as the case may be, and to end on the earlier of the next succeeding Tuesday and the day next preceding the next succeeding Conversion Date), the Weekly Interest Rate on such Bonds shall be determined by the Remarketing Agent on the Business Day immediately preceding the first day of such weekly period to be the rate of interest per annum which, on the following day, in the judgment of the Remarketing Agent, when borne by such Bonds would be the minimum interest rate necessary to enable the Remarketing Agent to sell such Bonds on such date at 100% of the principal amount thereof plus accrued interest, if any.

In the determination of the Weekly Interest Rate, the following special provisions shall apply:

(i) If for any reason a Weekly Interest Rate is not established by the Remarketing Agent with respect to any weekly period that the Bonds are to bear interest at the Weekly Interest Rate, the Weekly Interest Rate shall be the same as for the next preceding weekly period.

(ii) If for any reason (A) a Weekly Interest Rate is not established by the Remarketing Agent with respect to any two consecutive weekly periods that the Bonds are to bear interest at the Weekly Interest Rate or (B) the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any weekly period that the Bonds are to bear interest at a Weekly Interest Rate, the Weekly Interest Rate for such weekly period (or the second of such weekly periods in the case of clause (A) above) shall equal the Weekly Interest Rate determined by the Trustee as being equal to

70% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced by the Federal Reserve Bank of New York on the day on which the Remarketing Agent was to have set the Weekly Interest Rate.

Monthly Interest Rate. With respect to each Interest Period that 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 the rate of interest per annum which would be the minimum interest rate necessary to enable the Remarketing Agent to sell such Bonds on the first day of such Interest Period at 100% of 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 Monthly Interest Rate determined by the Trustee as being equal to 75% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced for the first day of each calendar month by the Federal Reserve Bank of New York.

Term Interest Rate. With respect to each Term Period that the Bonds are to bear interest at a Term Interest Rate, the Term Interest Rate shall be determined by the Remarketing Agent on the Business Day next preceding the first day of a Term Period. The Term Interest Rate shall be the rate of interest per annum which would be the minimum interest rate necessary to enable the Remarketing Agent to sell such Bonds on the first day of such Term Period at 100% of the principal amount thereof.

If for any reason a Term 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 Term Period, the Term Interest Rate for such Term Period shall equal the Term Interest Rate determined by the Trustee as being equal to 81% (if such Term Period is 7 years or less) and 87% (if such Term Period is more than 7 years), as the case may be, of the then current yield on United States Treasury obligations that have remaining terms equal approximately to the Term Period of a Bond as of the date such Term Interest Rate is determined and which obligations are publicly traded at a price closest to the principal amount therefor.

Promptly after the determination of each Term 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 Term Interest Rate and of the Term Period for which such Term 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 Term Interest Rate to be borne by such Bond in any Term Period.

Purchase Provisions

The Bonds will be purchased on the demand of the Owners thereof, and will be subject to mandatory tender for purchase, at the times and subject to the conditions described below. Each Bond must be accompanied by all necessary endorsements and the Trustee may refuse to accept delivery of any Bond for which a proper endorsement has not been provided. Notice of tender of Bonds by the Owner thereof will be irrevocable, once given to the Remarketing Agent as described below.

Notwithstanding the foregoing, during any period when Bonds are registered in the name of Cede & Co. or such other nominee of DTC as DTC shall designate and held by DTC in its book-entry system, the delivery of such Bonds as described below shall be effected by means of DTC's Delivery Order Procedures. If a beneficial owner of such Bonds fails to cause its beneficial ownership of such Bonds to be transferred to the DTC account of the Trustee by the deadlines specified below, such Bonds shall not be purchased and all parties shall be restored to their former positions, provided that the beneficial owner may be subject to damages as specified in such notice.

Purchase on Demand of Owner While Bond Bears Daily Interest Rate.

While a Bond bears interest at a Daily Interest Rate, such Bond shall be purchased on the demand of the Owner thereof, on any Business Day, at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase, upon (A) delivery to the Remarketing Agent 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 New York delivery office of the Trustee, 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 Bond Bears Weekly Interest Rate.

While a Bond bears interest at a Weekly Interest Rate, such Bond shall be purchased, on the demand of the Owner thereof, on any Wednesday (or, if such date is not a Business Day, the immediately preceding Tuesday) at a purchase price equal to 100% of 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 New York delivery office of the Trustee shall be required) by 10:00 a.m., New York, New York time, on the seventh day preceding such Wednesday, which states the aggregate principal amount thereof; and (ii) delivery of such Bond (with all necessary endorsements) at the New York delivery office of the Trustee 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 Trustee shall conform in all respects to the description thereof in the aforesaid notice. In the event that Tuesday and Wednesday are not Business Days, the procedures described in this paragraph to occur on either Tuesday or Wednesday, 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 Bond and the Remarketing Agent agrees to sell the specified Bond to such Owner prior to delivery of such Bond as set forth in clause (ii) hereinabove, the delivery requirement set forth in such clause (ii) shall be waived.

Purchase on Demand of Owner While Bond Bears Monthly Interest Rate.

While a Bond bears interest at a Monthly Interest Rate, such Bond shall be purchased, on the demand of the Owner thereof, on any Interest Payment Date at a purchase price equal to 100% of the principal amount thereof, upon (1) delivery to the New York delivery office of the Trustee 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 written notice 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 paragraph; and (2) the delivery of such Bond (with all necessary endorsements) at the New York delivery office of the Trustee 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 paragraph only if the Bond so delivered to the Trustee 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 Bond so tendered on such Interest Payment Date if the Remarketing Agent agrees to sell the Bond so tendered to such Owner. If such Owner decides to repurchase such Bond and the Remarketing Agent agrees to sell the specified Bond to such Owner prior to delivery of such Bond as set forth in clause (2) hereinabove, the delivery requirement set forth in such clause (2) shall be waived.

Purchase While Bond Bears Term Interest Rate.

(a) While a Bond bears interest at a Term Interest Rate, any Bond shall be purchased on the day (which is not a Conversion Date) next succeeding the last day of any Term Period (a "Purchase Date") at a purchase price equal to 100% of the principal amount thereof unless the Owner of the Bond delivers a completed Owner Election Notice (as defined in the Indenture) to the New York delivery office of 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 an Owner 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 Owner 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 Term Period, (ii) that the Bonds will be purchased on the Purchase Date unless the Owner of the Bond delivers a completed Owner 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 Bond will bear interest at a Term Interest Rate for a Term Period of the same duration as the then current Term Period.

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

Any Owner of a Bond who does not deliver a completed Owner Election Notice as described above must deliver such Bond (with any necessary endorsements) to the New York delivery 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 Owner Election Notice as described above in order to retain a portion of a Bond must deliver such Bond (with any necessary endorsements) to the New York delivery office of the Trustee with such Owner 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 of Authorized Denominations equal to the portion of the Bond so retained.

(b) Bonds or portions thereof to be purchased as described in (a) above which are not delivered by the Owner 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 date of such purchase 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 date of such purchase and that moneys representing the purchase price of such Bonds are available against delivery thereof at the New York delivery office of the Trustee. The Trustee shall hold moneys deposited by the Company or drawn by the Trustee under the Letter of Credit or the 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 Bonds on such date of purchase, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on its part under the Indenture or on, or with respect to, such Bonds. 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, 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.

APPENDIX D

September , 1992

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

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

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

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

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

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

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

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

The opinions expressed herein are based on the analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this letter.

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

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

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

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

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

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

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

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

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

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

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

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

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

STOEL RIVES BOLEY JONES & GREY

By **DRAFT ONLY—NOT SIGNED**
Patrick G. Boylston

APPENDIX E

September , 1992

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

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

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

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

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

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

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

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

The opinions expressed herein are based on the analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this letter.

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

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

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

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

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

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

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

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

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

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

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

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

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

STOEL RIVES BOLEY JONES & GREY

By **DRAFT ONLY—NOT SIGNED**
Patrick G. Boylston

APPENDIX F

September , 1992

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

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

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

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

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

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

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

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

The opinions expressed herein are based on the analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their delivery, and we disclaim any obligation to update this letter.

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

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

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

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

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

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

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

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

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

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

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

STOEL RIVES BOLEY JONES & GREY

By **DRAFT ONLY—NOT SIGNED**
Patrick G. Boylston

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