REOFFERING CIRCULAR DATED APRIL 25, 2006

NOT A NEW ISSUE

The opinion of Chapman and Cutler, Bond Counsel, delivered on November 17, 1994 stated that, subject to compliance by the Company and the Issuer with certain covenants, under then existing law (a) interest on the Bonds will not be includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Such interest will be taken into account, however, in computing the corporate alternative minimum tax. Such opinion of Bond Counsel was also to the effect that under then existing law such interest on the Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. Such opinion has not been updated as of the date hereof. See "TAX EXEMPTION" herein for a more complete discussion.

$121,940,000
EMERY COUNTY, UTAH
POLLUTION CONTROL REVENUE REFUNDING BONDS
(PacifiCorp Project)
Series 1994

Date of Initial Issuance: November 17, 1994 **Due: November 1, 2024**

The $121,940,000 Emery County, Utah Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1994 (the *"Bonds"*) are limited obligations of Emery County, Utah (the *"Issuer"*) and, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, are payable solely from and secured by a pledge of payments to be made under that certain Loan Agreement, dated as of November 1, 1994, entered into by the Issuer with, and secured by First Mortgage Bonds issued by,

PACIFICORP

Simultaneously with the delivery of the Bonds, a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds when due was issued by,

Ambac

The Bonds were initially offered together with the "Carbon Bonds," the "Converse Bonds," the "Lincoln Bonds," the "Moffat Bonds" and the "Sweetwater Bonds" (collectively, the *"Related Bonds"*), each as described in the Official Statement (a copy of which is attached as APPENDIX C hereto) related to the Bonds. The Related Bonds are not being reoffered in connection with the reoffering of the Bonds.

Through December 31, 2007 (subject to earlier termination), the Bonds will be supported by an Amended and Restated Standby Bond Purchase Agreement, dated as of May 3, 2006 (the *"Replacement Standby Bond Purchase Agreement"*) among PacifiCorp (the *"Company"*), The Bank of Nova Scotia, New York Agency, as agent and the banks party thereto, initially consisting solely of

THE BANK OF NOVA SCOTIA

The Bonds are currently supported by a Standby Bond Purchase Agreement, dated as of November 1, 1994, as heretofore amended and supplemented (the *"Existing Standby Bond Purchase Agreement"*) among the Company, The Bank of Nova Scotia, New York Agency, as agent, and the banks parties thereto, consisting solely of The Bank of Nova Scotia, New York Agency. On April 12, 2006, the Company delivered notice to J.P. Morgan Trust Company, N.A., as successor trustee (the *"Trustee"*), that on or about May 3, 2006, the Replacement Standby Bond Purchase Agreement will be delivered to the Trustee in substitution for the Existing Standby Bond Purchase Agreement and the Bonds will not have the benefit of the Existing Standby Bond Purchase Agreement as of that date. The Bonds will be subject to mandatory purchase on May 2, 2006. Descriptions of the Company and The Bank of Nova Scotia, New York Agency, are attached as APPENDICES A and B, respectively, to this Reoffering Circular in lieu of the description of the Company and the Information Regarding Banks in APPENDICES A and C, respectively, to the Official Statement.

Updated information regarding the Bond Insurer is included in this Reoffering Circular under the heading "The Bond Insurer" in lieu of the information under "Bond Insurance – The Bond Insurer" set forth in the attached Official Statement.

Price: 100%

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

JPMORGAN

The information contained in this Reoffering Circular (which term, whenever used herein, shall be deemed to include the cover, the Table of Contents, and the Appendices to this Reoffering Circular) has been obtained from the Company and other sources deemed reliable. The Issuer has not reviewed nor approved any information in the Reoffering Circular. No representation is made as to the accuracy or completeness of such information and nothing contained in this Reoffering Circular is, or will be relied upon as, a promise or representation by the Issuer or J.P. Morgan Securities Inc., as Remarketing Agent (the *"Remarketing Agent"*). The Remarketing Agent has reviewed the information in this Reoffering Circular in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information. The Trustee assumes no responsibility for this Reoffering Circular and has not reviewed or undertaken to verify any information contained herein. The information contained in this Reoffering Circular is subject to change without notice, and the delivery of this Reoffering Circular shall not, under any circumstances, create any implication that there have not been changes in the affairs of the Issuer or the Company since the date of this Reoffering Circular.

No broker, dealer, salesperson or any other person has been authorized by the Issuer, the Company, or the Remarketing Agent to give any information or to make any representation other than as contained in this Reoffering Circular in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Reoffering Circular does not constitute an offer or reoffering of any securities other than those described on the cover pages, or an offer to sell or a solicitation of an offer to buy by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN CONNECTION WITH THIS REOFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

$121,940,000
Emery County, Utah
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project)
Series 1994

GENERAL INFORMATION

This Reoffering Circular, including the Appendices hereto and the documents incorporated by reference herein, is provided to furnish certain information with respect to the reoffering of the $121,940,000 aggregate principal amount of Emery County, Utah Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the *"Bonds"*).

The Bonds were issued under a Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), between Emery County, Utah (the *"Issuer"*), and J.P. Morgan Trust Company, N.A. (successor by merger to Bank One Trust Company, NA, formerly known as The First National Bank of Chicago), as trustee (the *"Trustee"*), as amended and supplemented by that certain First Supplemental Trust Indenture, dated as May 1, 2006, between the Issuer and the Trustee (the *"First Supplemental Trust Indenture"*) and under a resolution of the governing body of the Issuer. Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), between PacifiCorp (the *"Company"*) and the Issuer, the proceeds from the sale of the Bonds were used, together with certain other moneys of the Company, for the purposes set forth in the Official Statement dated November 16, 1994 relating to the Bonds (the *"Official Statement"*) attached hereto as APPENDIX C. The Original Indenture, as amended and supplemented by the First Supplemental Trust Indenture, is sometimes referred to herein as the *"Indenture."*

The Bonds were initially offered together with the "Carbon Bonds," the "Converse Bonds," the "Lincoln Bonds," the "Moffat Bonds" and the "Sweetwater Bonds" (collectively, the *"Related Bonds"*) described in the Official Statement. The Related Bonds are not being reoffered in connection with the reoffering of the Bonds.

The Bonds, together with the premium, if any, and interest thereon, are limited obligations and not general obligations of the Issuer. None of the Indenture, the Bonds or the Loan Agreement constitutes a debt or gives rise to a general obligation or liability of the Issuer or constitutes an indebtedness under any constitutional or statutory debt limitation. The Bonds do not constitute or give rise to a pecuniary liability of the Issuer and will not constitute any charge against the Issuer's general credit or taxing powers; nor will the Bonds constitute an indebtedness of or a loan of credit of the Issuer. The Bonds are payable solely from the receipts and revenues to be received from the Company as payments under the Loan Agreement, or otherwise on the First Mortgage Bonds, and from any other moneys pledged therefor.

The Bonds are currently supported by a Standby Bond Purchase Agreement, dated as of November 1, 1994, as heretofore amended and supplemented (the *"Existing Standby Bond Purchase Agreement"*) among the Company, The Bank of Nova Scotia, New York Agency, as agent (the *"Agent Bank"*), and the banks party thereto, consisting solely of The Bank of Nova Scotia, New York Agency (the *"Bank"*). Pursuant to the Indenture, the Existing Standby Bond Purchase Agreement and the Loan Agreement, the Company, the Agent Bank and the Bank have agreed to amend and restate the Existing Standby Bond Purchase Agreement (the Existing Standby Bond Purchase Agreement, as so amended and restated, is referred to herein as the *"Replacement Standby Bond Purchase Agreement"*), in order to, among other things, (i) extend the stated expiration date from December 31, 2006 to December 31, 2007, and (ii) modify certain provisions of the Existing Standby Bond Purchase Agreement. For purposes of the Indenture and the Loan Agreement, the amendment and restatement of the Existing Standby Bond Purchase Agreement is treated as a delivery of an Alternate Liquidity Facility. The Replacement Standby Bond Purchase Agreement will be delivered to the Trustee on or about May 3, 2006, and as of such date, the Bonds will not have the benefit of the Existing Standby Bond Purchase Agreement.

If the Bank assigns a portion of its commitment under the Replacement Standby Bond Purchase Agreement to one or more other banks (together, with the Bank, the *"Banks"*), the obligations of the Banks to purchase unremarketed Bonds under the Replacement Standby Bond Purchase Agreement will be several and not joint. Therefore, if one such Bank fails to fund its portion of the commitment, the other Banks party to the Replacement Standby Bond Purchase Agreement will have no obligation with respect to that portion of the commitment. The interest rate and the number of days of interest coverage provided under the Replacement Standby Bond Purchase Agreement shall initially be 12% and 62 days, respectively. The Replacement Standby Bond Purchase Agreement will expire on December 31, 2007, unless extended or earlier terminated in accordance with the terms thereof. The obligations of the Banks to purchase unremarketed Bonds will automatically terminate in certain events, including events relating to insolvency of the Insurer, as defined below, failure by the Insurer to make payments as required by the Insurance Policy, as defined below, termination, cancellation or material modification of the Insurance Policy in any material respect that is adverse to the Banks, or a judicial determination that the Insurance Policy is not enforceable against the Insurer. The obligations of the Banks are also subject to suspension in certain events, without notice, including a ratings downgrade of the Insurer or if the Insurer claims or asserts, or any governmental authority finds, that the Insurance Policy is invalid or unenforceable, which events, if not cured, will also result in termination of the obligations of the Banks. See "THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT—Events of Default" and "—Consequences of Event of Termination" herein.

All references in this Reoffering Circular and the Official Statement (unless expressly stated otherwise) to the Standby Bond Purchase Agreement shall be deemed to refer to the Replacement Standby Bond Purchase Agreement and not to the Existing Standby Bond Purchase Agreement, and all references to the Bank shall be deemed to refer to The Bank of Nova Scotia, New York Agency.

The Bonds were originally issued bearing interest at a Daily Interest Rate and the Bonds will continue to bear interest at a Daily Interest Rate upon being reoffered, subject to the right of the Company to cause the interest rate on Bonds to be converted to other interest rate determination methods as described in the Official Statement. Upon the initial issuance of the Bonds, Ambac Assurance Corporation, formerly known as AMBAC Indemnity Corporation, (the *"Insurer"*) issued a municipal bond insurance policy with respect to the Bonds (the *"Insurance Policy"*) as described in the attached Official Statement. The Insurance Policy remains in effect. A description of the Insurer is set forth herein under *"The Bond Insurer."* Also, upon the initial issuance of the Bonds, the Company issued its First Mortgage Bonds (the *"First Mortgage Bonds"*) to secure its obligations under the Loan Agreement as described in the attached Official Statement. The First Mortgage Bonds remain in full force and effect.

Certain provisions relating to the Bonds, the Insurance Policy, the Loan Agreement, the Indenture and the First Mortgage Bonds are described in the attached Official Statement. With regard to the description of the First Mortgage Bonds, the Company discharged the Pacific and Utah Mortgages (as defined in the Official Statement) on August 30, 1996, and all Class A Bonds (as defined in the Official Statement) issued thereunder have been retired. As a result, the First Mortgage Bonds are now secured by a first mortgage lien on the properties that were subject to the Pacific and Utah Mortgages, except for those properties released therefrom since the issuance of the First Mortgage Bonds.

A brief description of the Bank and certain amendments to the Original Indenture and a summary of certain provisions of the Replacement Standby Bond Purchase Agreement are included in this Reoffering Circular, including the Appendices hereto which includes, as APPENDIX C, the Official Statement. Information regarding the business, properties and financial condition of the Company is included in and incorporated by reference in APPENDIX A attached hereto. A brief updated description of The Bank of Nova Scotia is included in APPENDIX B attached hereto, which APPENDIX B replaces the applicable description in APPENDIX C of the Official Statement. The descriptions herein, including in APPENDIX C, of the Indenture, the Loan Agreement and the Replacement Standby Bond Purchase Agreement are qualified in their entirety by reference to such 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.

FIRST SUPPLEMENTAL TRUST INDENTURE

The First Supplemental Trust Indenture amends and supplements the Original Indenture in order to (i) amend the definition of Substitute Standby Purchase Agreement to allow for a Standby Purchase Agreement to be modified and amended with the written consent of the Insurer (unless an Insurer Default has occurred and is continuing), *provided* that the ratings on the Bonds are not reduced, suspended or withdrawn, (ii) allow for the delivery of a Supplemental Indenture without the consent of the Owners under certain additional circumstances and (iii) require the consent of each Bank prior to surrendering, canceling or terminating or amending or modifying the Insurance Policy. The amendments described in clauses (i) and (ii) above have been incorporated in the sections entitled "THE INDENTURE – Modifications and Amendments" and "THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT – Substitute Standby Bond

Purchase Agreement," respectively. Written consent to the amendments will be obtained from the Remarketing Agent and purchasers of the Bonds following the mandatory purchase thereof on May 2, 2006 will be deemed to have consented to such amendments. Such amendments apply only to the Bonds and not to the Related Bonds.

THE INDENTURE

The First Supplemental Trust Indenture amends and supplements the provisions of the Original Indenture relating to the modification of and amendments to the Indenture without the consent of the Owners of the Bonds. The Section in the Official Statement entitled "THE INDENTURE – Modifications and Amendments" appearing on pages 33 and 34 of the Official Statement is hereby replaced as follows:

MODIFICATIONS AND AMENDMENTS

The Indenture may be modified or amended by the Issuer and the Trustee by supplemental indentures without the consent of the Owners of the Bonds for any of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture; (b) to add to the covenants and agreements of the Issuer contained in the Indenture or of the Company, the Insurer or the Bank (or the Obligor on an Alternate Liquidity Facility, as the case may be) or the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the Company which shall not materially adversely affect the interests of Owners of the Bonds; (c) to confirm, as further assurance, any pledge of or lien on any property subjected or to be subjected to the lien of the Indenture; (d) to comply with the requirements of the Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however,* that any such modification, alteration, amendment or supplement shall not take effect until the Insurer (unless an Insurer Default has occurred and is continuing) and the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, shall have consented in writing to such modification, alteration, amendment or supplement; (f) to implement a conversion of the interest rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under the Indenture of an Alternate Liquidity Facility or a Substitute Standby Bond Purchase Agreement; (g) to provide for a depository to accept tendered bonds in lieu of the Trustee; (h) to modify or eliminate the book-entry registration system for the Bonds; (i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds; (j) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category (as defined in the Indenture) and also in either of the two highest long-term debt Rating Categories; (k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies; (l) to provide for any Substitute Collateral and the release of any First Mortgage Bonds; (m) to provide for the appointment of a successor Trustee, Registrar or Paying

Agent; (n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds; (p) to modify, alter, amend or supplement the Indenture in any other respect (which in the judgment of the Trustee is not materially adverse to the Owners), if the effective date of such supplemental indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; (q) to provide for the replacement of the Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of the Insurer provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's; (r) if the Bonds are then rated by Moody's or S&P, to make any change which does not result in a reduction of the rating or ratings applicable to the Bonds; *provided* that such change must be approved in writing by the Insurer (unless an Insurer Default shall have occurred and be continuing); and (s) unless an Insurer Default shall have occurred and be continuing, to make any change approved in writing by the Insurer; *provided* that if the Bonds are then rated by Moody's or S&P, such change shall not result in a reduction of the rating or ratings applicable to the Bonds.

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

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

Except for supplemental indentures entered into for the purposes described in the third preceding paragraph, the indenture will not be modified, altered, amended, supplemented or rescinded without the consent of the insurer (unless an Insurer Default has occurred and is continuing), together with 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 Insurer (unless an Insurer Default has occurred and is continuing), and the Owners of all the Bonds then affected thereby, there will not be permitted (a) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on any Bonds, a change in the terms of the purchased 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 Loan Agreement ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (c) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required to approve any such supplemental indenture or which is required to approve any amendment to the Loan Agreement. No such amendment of the Indenture shall be effective without the prior written consent of the Company and the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be).

THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT

References herein to the "Bank" or "Banks" include their respective successors.

Purchases of Bonds in the event and to the extent that such Bonds are not remarketed by the Remarketing Agent or redeemed or purchased by the Company will be funded under the Replacement Standby Bond Purchase Agreement.

The obligation of the Bank to purchase Bonds will expire at 5:00 p.m. (New York City time) on December 31, 2007, unless extended or earlier terminated as described herein. The terms of the Replacement Standby Bond Purchase Agreement will permit the Trustee, in accordance with the terms thereof, to notify the Bank of the aggregate principal amount of the Bonds to be purchased by the Bank up to the aggregate principal amount of the Bonds (this amount will be reduced as Bonds are paid or redeemed as described below) plus accrued interest thereon (up to a maximum of 62 days' interest on the principal sum set forth above) at an assumed annual interest rate of 12% to enable the Trustee to pay the purchase price of Bonds delivered to it for purchase and not remarketed and not redeemed or purchased by the Company.

THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT IS TO FUND PURCHASES OF BONDS WHICH ARE TENDERED BUT NOT REMARKETED BY THE REMARKETING AGENT AND DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS AS THE SAME BECOME DUE AND PAYABLE. UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, PURCHASES WILL NOT BE MADE UNDER THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT AND, THEREFORE, FUNDS MAY NOT BE AVAILABLE TO PURCHASE TENDERED BONDS. IF A BANK ASSIGNS A PORTION OF ITS COMMITMENT UNDER THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT TO ONE OR MORE OTHER BANKS, THE OBLIGATIONS OF THE BANKS (INCLUDING ANY ASSIGNEE BANK) TO PURCHASE BONDS UNDER THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT WILL BE SEVERAL AND NOT JOINT. THEREFORE, IF ONE BANK FAILS TO FUND ITS PORTION OF THE COMMITMENT, THE OTHER BANKS PARTY TO THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT WILL HAVE NO OBLIGATION WITH RESPECT TO THAT PORTION OF THE COMMITMENT.

CONDITIONS PRECEDENT TO PURCHASES OF BONDS UNDER THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT

The obligation of the Bank to purchase Bonds, which are tendered for purchase as described in the Official Statement under "THE BONDS—Optional Purchase" and "—Mandatory Purchase" but not resold by the Remarketing Agent, under the Replacement Standby Bond Purchase Agreement will be subject to satisfaction, among others, of each of the following conditions precedent:

(a) The Agent Bank shall have received from the Trustee the notices specified in the Replacement Standby Bond Purchase Agreement relating to the aggregate principal amount of unremarketed Bonds, plus accrued interest thereon, to be purchased by the Bank, which amount shall not exceed the amount of the Bank's commitment.

(b) No Event of Termination (as defined below) shall have occurred and be continuing.

(c) The Bank's commitment shall not have been terminated as described below.

The Bank will have no obligation to purchase unremarketed Bonds held by or for the account of the Company, any affiliate of the Company or any broker-dealer holding Bonds pursuant to an arrangement with the Company.

EVENTS OF DEFAULT

Each of the following "Events of Default" under the Replacement Standby Bond Purchase Agreement is referred to in this Reoffering Circular as an "Event of Termination":[1]

(a) The ratings assigned to the Insurer's long-term debt or financial strength are withdrawn or are reduced below BBB- (or its equivalent rating) by S&P (as defined in the Official Statement) and are withdrawn or reduced to below Baa3 (or its equivalent rating) by Moody's (as defined in the Official Statement); or

(b) A "Bond Insurer Event of Insolvency," as defined in the Replacement Standby Bond Purchase Agreement, shall have occurred; or

(c) The Insurer shall fail, wholly or partially, to make a payment of principal or interest to the Trustee as required under the Insurance Policy; or

(d) The Insurer shall claim or assert that the Insurance Policy is invalid or unenforceable against the Insurer or shall repudiate its obligations or deny that it has any

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1 The list of the Events of Termination is not an exhaustive list of the Events of Default under the Replacement Standby Bond Purchase Agreement.

further liability under the Insurance Policy or the validity or enforceability of the Insurance Policy shall be contested directly or indirectly by the Insurer or any governmental authority and, in the case of a person other than the Insurer, the Insurer shall fail to defend or to assert such validity or enforceability or to appeal such contest; or

(e) Any governmental authority with competent jurisdiction shall announce, find or rule that the Insurance Policy is null and void or otherwise invalid or unenforceable against the Insurer; or

(f) The Insurance Policy is surrendered, cancelled or terminated, or amended or modified in any material respect that is adverse to the Banks, without each Bank's prior written consent; or

(g) A court of competent jurisdiction enters a final nonappealable judgment that the Insurance Policy is not valid and binding on or enforceable against the Insurer.

CONSEQUENCES OF EVENT OF TERMINATION

(a) In the case of an Event of Termination as specified in subparagraph (d) or (e) above under "—Events of Default," the Bank's obligation to purchase unremarketed Bonds under the Replacement Standby Bond Purchase Agreement shall be immediately suspended (but not terminated) without notice or demand and thereafter the Bank shall be under no obligation to purchase any unremarketed Bonds until the Bank's commitment under the Replacement Standby Bond Purchase Agreement is reinstated as described below. Promptly upon obtaining knowledge of such an Event of Termination, the Agent Bank shall notify the Trustee and the Remarketing Agent of such suspension in writing; *provided, however,* that neither the Agent Bank nor the Bank shall incur any liability or responsibility whatsoever by reason of the Agent Bank's failure to give such notice and such failure shall in no way affect the suspension of the Bank's commitment and of its obligation to purchase unremarketed Bonds pursuant to the Replacement Standby Bond Purchase Agreement. If a court of competent jurisdiction shall thereafter enter a final, nonappealable judgment that such Insurance Policy is not valid and binding on the Insurer, then the commitment and the obligation of the Bank to purchase unremarketed Bonds shall immediately terminate without notice or demand and thereafter the Bank shall be under no obligation to purchase unremarketed Bonds. If a court with jurisdiction to rule on the validity of the Insurance Policy shall find or rule that such Insurance Policy is valid and binding on the Insurer, then the commitment and the obligations of the Bank under the Replacement Standby Bond Purchase Agreement shall thereupon be reinstated (unless the commitment period shall otherwise have expired or the commitment shall otherwise have been terminated as provided in the Replacement Standby Bond Purchase Agreement). Notwithstanding the foregoing, if three years after the effective date of suspension of the Bank's commitment and obligations, the Replacement Standby Bond Purchase Agreement has not been terminated and litigation is still pending and a judgment regarding the validity and enforceability of the Insurance Policy has not been obtained, then the commitment and the obligation of the Bank to purchase unremarketed Bonds shall at such time terminate without notice or demand and thereafter, the Bank shall be under no obligation to purchase unremarketed Bonds.

(b) In the event of the commencement and during the continuation of an involuntary case or other proceeding against the Insurer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, the obligation of the Bank to purchase unremarketed Bonds shall immediately be suspended (but not terminated) without notice or demand and shall be terminated if such proceeding remains undismissed or unstayed for a period of 60 days. If such proceeding is dismissed or stayed within such 60-day period, the Bank's commitment shall be reinstated.

(c) In the case of an Event of Termination as specified in subparagraph (a) above under "—Events of Default," the Bank's obligation to purchase unremarketed Bonds under the Replacement Standby Bond Purchase Agreement shall be immediately suspended (but not terminated) without notice or demand and the commitment of the Bank shall terminate 30 days thereafter if such Event of Termination shall then be continuing.

(d) In the case of any Event of Termination as specified in subparagraphs (b), (c), (f) and (g) above under "—Events of Default" or in the case of any other event described above which results in the termination of the Bank's obligation to purchase unremarketed Bonds, the commitment and the obligation of the Bank to purchase unremarketed Bonds shall immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to purchase unremarketed Bonds. Promptly upon any such event, the Agent Bank shall give written notice of the same to the Trustee and the Remarketing Agent; *provided, however,* that neither the Agent Bank nor the Bank shall incur any liability or responsibility whatsoever by reason of the Agent Bank's failure to give such notice and such failure shall in no way affect the termination of the Bank's commitment and of its obligation to purchase unremarketed Bonds pursuant to the Replacement Standby Bond Purchase Agreement.

In the event that the commitment of the Bank (or the Obligor (as defined in the Official Statement) on an Alternate Liquidity Facility (as defined in the Official Statement), as the case may be) to provide moneys to pay the purchase price of the Bonds is suspended, the Trustee shall on the day that any such suspension is lifted, take the action specified in the Replacement Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) to make moneys available to pay the purchase price of the Bonds that were tendered for purchase and were not purchased during such period of suspension.

EXTENSION, REDUCTION OR TERMINATION OF THE REPLACEMENT STANDBY BOND PURCHASE AGREEMENT; ALTERNATE LIQUIDITY FACILITY

The obligation of the Bank to purchase Bonds under the Replacement Standby Bond Purchase Agreement shall expire at 5:00 p.m. (New York City time) on the commitment termination date, which is the earliest to occur of (i) December 31, 2007, unless extended for one-year periods as provided in the Replacement Standby Bond Purchase Agreement, (ii) the date on which the Bonds are no longer outstanding under the Indenture, (iii) the date on which an Alternate Liquidity Facility or Substitute Standby Bond Purchase Agreement is substituted for the Replacement Standby Bond Purchase Agreement, (iv) the date on which the Bank's commitment to purchase Bonds is terminated due to the occurrence of certain Events of

Termination, as described above under "—Consequences of Event of Termination," or (v) the date of a termination by the Company pursuant to the terms of the Replacement Standby Bond Purchase Agreement.

Upon written request of the Company to the Agent Bank not less than 45 nor more than 120 days prior to December 31, 2007, (and not less than 45 nor more than 120 days prior to each yearly anniversary of such date thereafter), the Bank shall use its best efforts to, within 45 days of such request, notify the Company whether it will extend the scheduled expiration date of the Replacement Standby Bond Purchase Agreement for a period of one year. If the Bank fails to notify the Company of its decision, the Bank shall be deemed to have rejected such request.

Upon any redemption, repayment or other payment of all or any portion of the principal amount of the Bonds, the aggregate available principal commitment under the Replacement Standby Bond Purchase Agreement may be reduced, upon written notice to the Agent Bank by the Trustee, by the principal amount of the Bonds so redeemed, repaid or otherwise paid, as the case may be. The available commitment shall automatically terminate on the date on which an Alternate Liquidity Facility for the Bonds has become effective pursuant to the Indenture.

At any time (with not less than 20 days' prior written notice received by the Trustee with copies of such notice given to the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, and the Remarketing Agent) the Company may, at its option, (i) provide for the delivery to the Trustee on any Business Day of an Alternate Liquidity Facility (including without limitation a line of credit of a commercial bank or a liquidity facility from a financial institution, or a combination thereof) to replace the Replacement Standby Bond Purchase Agreement or the Alternate Liquidity Facility then in effect with respect to the Bonds, as the case may be, or (ii) terminate the Replacement Standby Bond Purchase Agreement or any Alternate Liquidity Facility then in effect. An Alternate Liquidity Facility may have an expiration date earlier than the maturity of the Bonds. The Company must furnish to the Trustee on or before the date of delivery of the Alternate Liquidity Facility or before the effective date of the termination of the Replacement Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect (i) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility or the termination of the Replacement Standby Bond Purchase Agreement or the Alternate Liquidity Facility then in effect complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds, (ii) a certificate of an Authorized Company Representative as to whether the Bonds are then rated by either Moody's or S&P, or both, and (iii) either (A) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the proposed Alternate Liquidity Facility or the proposed termination of the Replacement Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, and that the delivery of the proposed Alternate Liquidity Facility or the proposed termination of the Replacement Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's short-term rating or ratings of the Bonds or (B) written evidence from the Insurer to the effect that the Insurer has reviewed the proposed Alternate Liquidity Facility or the proposed termination of the Replacement Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as

the case may be, and finds the same to be acceptable to the Insurer. An assignment by a Bank of its commitment or any portion thereof under a Replacement Standby Bond Purchase Agreement to a bank or other institution that is not at the time already a Bank thereunder will be treated as the delivery of an Alternate Liquidity Facility.

No Alternate Liquidity Facility or Substitute Standby Bond Purchase Agreement may be provided which (a) so long as the Bonds bear interest at a Daily Interest Rate or a Weekly Interest Rate, reduces the number of days of interest coverage to a period shorter than 35 days or (b) so long as the Bonds bear interest at a Term Interest Rate, reduces the number of days of interest coverage to a period less than such minimum period as may be approved by each rating agency then maintaining a rating on the Bonds.

In the event that the Company provides for the delivery on any Business Day to the Trustee of an Alternate Liquidity Facility or for termination of the Replacement Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect where the above-described evidence from Moody's or S&P or from the Insurer is not received, the Bonds are subject to mandatory purchase unless the obligation of the Bank or the Obligor on an Alternate Liquidity Facility then in effect, as the case may be, to purchase such Bonds is terminated or suspended, as more fully described in the Official Statement under the caption "THE BONDS—Mandatory Purchase."

SUBSTITUTE STANDBY BOND PURCHASE AGREEMENT

The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Liquidity Facility, as the case may be, at any time provide for the delivery to the Trustee of a Substitute Standby Bond Purchase Agreement or an extension of the Replacement Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, for any period commencing after its then-current expiration date. Any Substitute Standby Bond Purchase Agreement must be issued by the same Bank or Banks which are parties to the Standby Bond Purchase Agreement in effect at the time of such substitution and must (a) be substantially identical as to terms and conditions to the Standby Bond Purchase Agreement being replaced, except that it may provide for an increase or decrease in the interest coverage rate or the number of days of interest coverage or any combination of the foregoing, or (b) contain such amendments, modifications or alterations (i) for which the Company and the Trustee have received the written consent of the Insurer (unless an Insurer Default shall have occurred and be continuing) and (ii) that do not result in the reduction, suspension or withdrawal of the rating or ratings applicable to the Bonds.

THE BOND INSURER

The Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $8,994,000,000 (unaudited) and statutory capital of approximately $5,647,000,000 (unaudited) as of December 31, 2005.

Statutory capital consists of the Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Market Services, a Division of The McGraw-Hill Companies, Moody's and Fitch Ratings have each assigned a triple-A financial strength rating to the Insurer.

The Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Insurer under policy provisions substantially identical to those contained in the Insurance Policies shall be treated for federal income tax purposes in the same manner as if such payments were made by the Issuer of the Bonds.

The Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement or this Reoffering Circular other than the information supplied by the Insurer and presented in the Official Statement under the caption "BOND INSURANCE" and in this Reoffering Circular under the caption "THE BOND INSURER."

AVAILABLE INFORMATION

The parent company of the Insurer, Ambac Financial Group, Inc. (*"AFG"*), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the *"Commission"*). These reports, proxy statements and other information can be read and copied at the Commission's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. The Commission maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the Commission, including AFG. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the *"NYSE"*), 20 Broad Street, New York, New York 10005.

Copies of the Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Insurer. The address of the Insurer's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York, 10004 and (212) 668-0340.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following document filed by AFG with the Commission (File No. 1-10777) is incorporated by reference in this Reoffering Circular:

- AFG's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006.

All documents subsequently filed by AFG pursuant to the requirements of the Exchange Act after the date of this Reoffering Circular will be available for inspection in the same manner as described above in "THE BOND INSURER —Available Information."

TAX EXEMPTION

The opinion of Chapman and Cutler LLP, Bond Counsel, delivered for the Bonds on November 17, 1994, stated that, subject to compliance by the Company and the Issuer with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, under then existing law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and the interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Bond Counsel was of the opinion that interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. As indicated in such opinion, the failure to comply with certain of such covenants of the Issuer and the Company could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Chapman and Cutler LLP has made no independent investigation to confirm that such covenants have been complied with.

Chapman and Cutler LLP will deliver an opinion in connection with the delivery of the Replacement Standby Bond Purchase Agreement to the effect that the delivery of the Replacement Standby Bond Purchase Agreement (i) complies with the terms of the Loan Agreement and (ii) will not adversely affect the tax-exempt status of the Bonds. Except as necessary to render the foregoing opinions, Chapman and Cutler LLP has not reviewed or inquired as to any events occurring subsequent to the initial issuance of the Bonds.

CERTAIN LEGAL MATTERS

In connection with the issuance of the Replacement Standby Bond Purchase Agreement, certain legal matters will be passed upon for the Company by its in-house counsel and by Stoel Rives LLP, Portland, Oregon, and certain legal matters will be passed upon for the Bank by its in-house counsel. Chapman and Cutler LLP, Bond Counsel, will deliver the opinion described above under "TAX EXEMPTION."

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 Agents, the Issuer or any other party. No representation is made herein as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Company or in such information after the date hereof, or that the information contained or incorporated herein by reference is correct as of any time after the date hereof.

The Company 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, Utah Power and Rocky Mountain 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's operations are exposed to risks, including the outcome of general rate cases and other proceedings conducted by regulatory commissions; changes in prices and availability of wholesale electricity, natural gas and other fuel sources and other changes in operating costs; changes in regulatory requirements or other legislation; industrial, commercial and residential customer growth and demographic patterns in the Company's service territories; economic trends affecting electricity usage; changes in weather conditions and other natural events affecting supply and demand of electricity; a high degree of variance between actual and forecasted load and prices; hydroelectric conditions, as well as natural gas and coal production and price levels; performance of the Company's generation facilities; the cost, feasibility and eventual outcome of hydroelectric facility relicensing proceedings; environmental and endangered species laws and regulations; the impact of new accounting pronouncements or changes in current accounting estimates and assumptions on financial position and results of operations; the impact of interest rates, investment performance and increases in health care costs on pension and post-retirement expense; the impact of amendments to existing financing arrangements; continued availability of funds to meet liquidity requirements; the impact of any required performance under off-balance sheet arrangements; financial condition and creditworthiness of significant customers and suppliers; the impact of financial derivatives used to mitigate or manage interest rate risk and volume and price risk due to weather extremes; changes in the Company's credit ratings; the impact of implementation of any regional transmission entity; and completion of the Company's resource procurement process and construction and permitting of future generation plants and infrastructure additions. In addition, the energy business exposes the Company to the financial, liquidity, credit, volumetric and commodity price risks associated with wholesale sales and purchases. See the Incorporated Documents under "—Incorporation of Certain Documents by Reference."

The principal executive offices of the Company are located at 825 N.E. Multnomah, 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, 2005.

2. Quarterly Reports on Form 10-Q for the three months ended June 30, 2005, September 30, 2005 and December 31, 2005.

3. Current Report on Form 8-K, dated April 14, 2005.

4. Current Report on Form 8-K, dated May 2, 2005.

5. Current Report on Form 8-K, dated June 13, 2005.

6. Current Report on Form 8-K, dated July 21, 2005.

7. Current Report on Form 8-K, dated August 29, 2005.

8. Current Report on Form 8-K, dated September 5, 2005.

9. Current Report on Form 8-K, dated September 28, 2005.

10. Current Report on Form 8-K, dated November 29, 2005.

11. Current Report on Form 8-K, dated December 20, 2005.

12. Current Report on Form 8-K, dated December 30, 2005.

13. Current Report on Form 8-K, dated January 12, 2006.

14. Current Report on Form 8-K, dated January 27, 2006.

15. Current Report on Form 8-K, dated February 13, 2006.

16. Current Report on Form 8-K, dated February 21, 2006.

17. Current Report on Form 8-K, dated February 28, 2006.

18. Current Report on Form 8-K, dated March 17, 2006.

19. 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, 2005 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

THE BANK OF NOVA SCOTIA

The following information concerning The Bank of Nova Scotia (the "Bank") has been provided by representatives of the Bank and has not been independently confirmed or verified by the Remarketing Agent, the Issuer or the Company. 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 Bank or in such information subsequent to the date hereof, or that the information contained or incorporated herein by reference is correct as of any time subsequent to its date.

THE BANK

As of January 31, 2006, the Bank had assets in an amount equivalent to approximately CAD$325 billion and deposits in an amount equivalent to approximately CAD$217 billion, the Bank also possessed a total capital ratio of 12.8% as at January 31, 2006. Its net income for the fiscal year ended October 31, 2005 was equivalent to approximately CAD$3,209 million.

The Bank maintains offices in 50 countries worldwide and is headquartered in Toronto, Ontario, Canada. Corporate banking operations in the United States of America began in 1885, and currently, the Bank has offices in New York, Boston, Atlanta, Chicago, Houston San Francisco and Portland.

The Bank was founded in 1832 in Halifax, Nova Scotia, Canada, and is now one of Canada's largest financial institutions. Common shares of the Bank are traded on the New York Stock Exchange (ticker: BNS), Vancouver, Alberta, Winnipeg, Toronto, Montreal and London stock exchanges. In addition to the corporate banking services provided in the United States of America, the Bank provides corporate, investment, capital markets, commercial, and consumer services in Canada through 1968 offices, as well as select services throughout its international banking network.

Additional information relating to the Bank, including its annual report, may be obtained through its website at www.scotiabank.com. The Bank's most recent annual report is incorporated in this Reoffering Circular by reference.

APPENDIX C

OFFICIAL STATEMENT DATED NOVEMBER 16, 1994

SIX NEW ISSUES—BOOK-ENTRY ONLY

Subject to compliance by the Company and the Issuers with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under present law (a) interest on the Bonds will not be includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Such interest will be taken into account, however, in computing the corporate alternative minimum tax, as more fully discussed under the heading "Tax Exemption" herein. Bond Counsel is also of the opinion that under present law (a) interest on the Emery Bonds and Carbon Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act, (b) the State of Wyoming imposes no income taxes that would be applicable to interest on the Converse Bonds, the Lincoln Bonds or the Sweetwater Bonds and (c) interest on the Moffat Bonds is not included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, all as more fully discussed under the heading "Tax Exemption" herein.

Composite Issue
$216,470,000
Pollution Control Revenue Refunding Bonds
(PacifiCorp Projects)
Series 1994

Dated: Date of Delivery **Due: See Inside Cover**

The Bonds of each Issue described in this Official Statement are limited obligations of the respective Issuers and, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, will be payable solely from and secured by a pledge of payments to be made under separate Loan Agreements entered into by the respective Issuers with, and secured by First Mortgage Bonds to be issued by,

PacifiCorp

Simultaneously with the delivery of the Bonds of each Issue, a separate municipal bond insurance policy guaranteeing the payment of principal of and interest on the Bonds of such Issue when due will be issued by

AMBAC

The Bonds of each Issue will initially bear interest at a Daily Interest Rate from their date of issue. Thereafter, the interest rate on the Bonds may be changed from time to time to Daily, Weekly, Flexible or Term Interest Rates, designated and determined as described herein. The Bonds are subject to purchase at the option of the owners thereof and, under certain circumstances, are subject to mandatory purchase in the manner and at the times described herein. Purchases of tendered Bonds in the event and to the extent not remarketed by the Remarketing Agents will initially be funded under separate Standby Bond Purchase Agreements with respect to each Issue among the Company and the Banks. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

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

Price 100%

The Bonds of each Issue are offered when, as and if issued by the respective Issuer and accepted by the respective Underwriter, subject to the approval of legality by Chapman and Cutler, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for PacifiCorp by Stoel Rives Boley Jones & Grey, counsel to the Company, for Carbon County, Utah by Gene Strate, County Attorney, for Converse County, Wyoming by Thomas A. Burley, County Attorney, for Emery County, Utah by David A. Blackwell, County Attorney, and by Ray Quinney & Nebeker, for Lincoln County, Wyoming by Joseph B. Bluemel, County Attorney, for Moffat County, Colorado by Thomas Thornberry, County Attorney, for Sweetwater County, Wyoming by Sue Kearns, County and Prosecuting Attorney, and by G.R. Stewart, Civil Deputy County and Prosecuting Attorney, and for the Underwriters by Chapman and Cutler. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, on or about November 17, 1994.

Goldman, Sachs & Co.

J.P. Morgan Securities Inc.

Morgan Stanley & Co. Incorporated

November 16, 1994

Composite Issue
Pollution Control Revenue Refunding Bonds
(PacifiCorp Projects)
Series 1994

$9,365,000 **Carbon County, Utah** **Series 1994** **Due: November 1, 2024**	**$8,190,000** **Converse County, Wyoming** **Series 1994** **Due: November 1, 2024**	**$121,940,000** **Emery County, Utah** **Series 1994** **Due: November 1, 2024**
$15,060,000 **Lincoln County, Wyoming** **Series 1994** **Due: November 1, 2024**	**$40,655,000** **Moffat County, Colorado** **Series 1994** **Due: May 1, 2013**	**$21,260,000** **Sweetwater County, Wyoming** **Series 1994** **Due: November 1, 2024**

This offering is for six new issues with separate Issuers, Standby Bond Purchase Agreement Banks, Underwriters and Remarketing Agents in respect of each Issue as follows:

Issuer	Amount	Standby Bond Purchase Agreement Bank	Underwriter and Remarketing Agent	CUSIP
Carbon County	$ 9,365,000	The Bank of New York	Morgan Stanley & Co. Incorporated	140890 AB0
Converse County	$ 8,190,000	The Bank of New York	J.P. Morgan Securities Inc.	212491 AF1
Emery County	$121,940,000	The Bank of Nova Scotia	Goldman, Sachs & Co.	291147 CC8
Lincoln County	$ 15,060,000	The Bank of New York	J.P. Morgan Securities Inc.	533485 AV0
Moffat County	$ 40,655,000	The Bank of New York	Morgan Stanley & Co. Incorporated	607874 BX1
Sweetwater County	$ 21,260,000	The Bank of New York	J.P. Morgan Securities Inc.	870487 BS3

If either Bank assigns a portion of its commitment under the applicable Standby Bond Purchase Agreement to one or more other banks, the obligations of the Banks (including any assignee banks) to purchase unremarketed Bonds under such Standby Bond Purchase Agreement will be several and not joint. Therefore, if one such Bank fails to fund its portion of the commitment, the other Banks party to the Standby Bond Purchase Agreement will have no obligation with respect to that portion of the commitment. The interest rate and the number of days of interest coverage provided under each Standby Bond Purchase Agreement shall initially be 12% and 62 days, respectively. The Standby Bond Purchase Agreements will expire on November 17, 1999, unless extended or earlier terminated in accordance with the terms thereof. The obligations of the Banks to purchase unremarketed Bonds will automatically terminate in certain events, including events relating to insolvency of the Insurer, failure by the Insurer to make payments as required by the Insurance Policy, termination, cancellation or material modification of the Insurance Policy, or a judicial determination that the Insurance Policy is not enforceable against the Insurer. The obligations of the Banks are also subject to suspension in certain events, without notice, including a ratings downgrade of the Insurer or if the Insurer claims or asserts, or any governmental authority finds, that the Insurance Policy is invalid or unenforceable, which events, if not cured, will also result in termination of the obligations of the Banks. See "The Standby Bond Purchase Agreements—Events of Default" and "—Consequences of Event of Termination."

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 Carbon County, Utah ("Carbon County"), Converse County, Wyoming ("Converse County"), Emery County, Utah ("Emery County"), Lincoln County, Wyoming ("Lincoln County"), Moffat County, Colorado ("Moffat County") or Sweetwater County, Wyoming ("Sweetwater County") (sometimes referred to individually as an "Issuer" and collectively as the "Issuers"), PacifiCorp, or the Underwriters. 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 or the Company since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuers has assumed or will assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than that relating to itself under the caption "The Issuers." Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuers, approved the Bonds for sale.

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

TABLE OF CONTENTS

$216,470,000

Pollution Control Revenue Refunding Bonds (PacifiCorp Projects) Series 1994

$9,365,000 **Carbon County, Utah** **Series 1994**	**$8,190,000** **Converse County, Wyoming** **Series 1994**	**$121,940,000** **Emery County, Utah** **Series 1994**
$15,060,000 **Lincoln County, Wyoming** **Series 1994**	**$40,655,000** **Moffat County, Colorado** **Series 1994**	**$21,260,000** **Sweetwater County, Wyoming** **Series 1994**

INTRODUCTORY STATEMENT

This Official Statement, including the Appendices hereto and the documents incorporated by reference herein, is provided to furnish certain information with respect to the offer by the Issuers of six separate issues of Pollution Control Revenue Refunding Bonds (PacifiCorp Projects) Series 1994 (collectively, the "Bonds"), as follows:

(i) $9,365,000 principal amount of Carbon County, Utah Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Carbon Bonds");

(ii) $8,190,000 principal amount of Converse County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Converse Bonds");

(iii) $121,940,000 principal amount of Emery County, Utah Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Emery Bonds");

(iv) $15,060,000 principal amount of Lincoln County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Lincoln Bonds");

(v) $40,655,000 principal amount of Moffat County, Colorado Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Moffat Bonds");

(vi) $21,260,000 principal amount of Sweetwater County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994 (the "Sweetwater Bonds").

The Carbon Bonds, the Converse Bonds, the Emery Bonds, the Lincoln Bonds, the Moffat Bonds and the Sweetwater Bonds will be issued under separate Trust Indentures dated as of November 1, 1994 (each an "Indenture" and collectively, the "Indentures") between Carbon County, Converse County, Emery County, Lincoln County, Moffat County and Sweetwater County, as applicable (each an "Issuer" and collectively, the "Issuers"), and The First National Bank of Chicago, as trustee (the "Trustee"), and under resolutions of the governing bodies of the respective issuers. Pursuant to separate Loan Agreements between PacifiCorp (the "Company") and each of the respective Issuers (each a "Loan Agreement" and collectively the "Loan Agreements"), the respective Issuers will lend the proceeds from the sale of the Bonds to the Company and those proceeds will be used, together with certain other moneys of the Company, to refund all of the outstanding (i) $9,365,000 principal amount of Carbon County, Utah, Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 due February 1, 2004 (the "Prior Carbon Bonds"); (ii) $8,190,000 principal amount of Converse County, Wyoming Collateralized Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1977 (the "Prior Converse Bonds"); (iii) $13,190,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 due February 1, 2004 (the "Prior Emery 1974 Bonds"); (iv) $50,000,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds, 6-3/8% Series due November 1, 2006 (Utah Power & Light Company Project) (the "Prior Emery 6-3/8% Bonds"); (v) $42,000,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds, 5.90% Series due April 1, 2008 (Utah Power & Light

Company Project) (the "Prior Emery 5.90% Bonds"); (vi) $16,750,000 principal amount of Emery County, Utah, Pollution Control Revenue Bonds (Utah Power & Light Company Project), 10.70% Series due September 1, 2014 (the "Prior Emery 10.70% Bonds"); (vii) $15,060,000 principal amount of Lincoln County, Wyoming, Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 (the "Prior Lincoln Bonds"); (viii) $40,655,000 principal amount of Moffat County, Colorado, Pollution Control Revenue Bonds, Series 1978 (Colorado-Ute Electric Association, Inc. Project) (the "Prior Moffat Bonds"); and (ix) $21,260,000 principal amount of Sweetwater County, Wyoming, Taxable Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994T (the "Prior Sweetwater 1994T Bonds"). These obligations have been assumed by the Company as the surviving corporation in its 1989 merger with Utah Power & Light Company, a Utah corporation, and PacifiCorp, a Maine corporation or, in the case of the Prior Moffat Bonds, under that certain Assignment and Assumption Agreement, dated April 15, 1992, between Colorado-Ute Electric Association, Inc. ("Colorado-Ute") and the Company.

The Prior Emery 1974 Bonds, the Prior Emery 6-3/8% Bonds, the Prior Emery 5.90% Bonds and the Prior Emery 10.70% Bonds are hereinafter collectively referred to as the "Prior Emery Bonds." The Prior Carbon Bonds, the Prior Converse Bonds, the Prior Emery Bonds, the Prior Lincoln Bonds, the Prior Moffat Bonds and the Prior Sweetwater 1994T Bonds are hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds were issued to finance various solid waste disposal facilities and air and water pollution control facilities as described herein. See "The Facilities."

In order to secure the Company's obligation to repay the loans made to it by the Issuers under the Loan Agreements, the Company will issue and deliver to the Trustee for each Issue its Series 1994-1 First Mortgage and Collateral Trust Bonds (the "First Mortgage Bonds") in a principal amount equal to the principal amount of such Issue of the Bonds. The First Mortgage Bonds may be released upon delivery of collateral in substitution for the First Mortgage Bonds provided that certain conditions are met as described below under "The Loan Agreements—Loan Payments; The First Mortgage Bonds." The First Mortgage Bonds will be issued under the Mortgage and Deed of Trust, dated as of January 9, 1989 between the Company and Chemical Bank, a New York corporation, as successor trustee ("Chemical Bank" or the "Company Mortgage Trustee"), as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (the "Tenth Supplemental Indenture"), all collectively hereinafter referred to as the "Company Mortgage." As holder of the First Mortgage Bonds, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Company Mortgage, enjoy the benefit of a lien on properties of the Company. See "The First Mortgage Bonds—Security" for a description of the properties of the Company subject to the lien of the Company Mortgage. The Bonds will not otherwise be secured by a mortgage of, or security interest in, the Facilities (as hereinafter defined). The First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the "Owners" of the Bonds and will not be transferable except to a successor trustee under the Indentures. "Owner" means the registered owner of any Bond; provided, however, when used in the context of the Tax-Exempt (as hereinafter defined) status of the Bonds, the term "Owner" shall include each actual purchaser of any Bond ("Beneficial Owner").

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations and not general obligations of the Issuer thereof. None of the Indentures, the Bonds or the Loan Agreements constitutes a debt or gives rise to a general obligation or liability of any of the Issuers or constitutes an indebtedness under any constitutional or statutory debt limitation. The Bonds of each Issue will not constitute or give rise to a pecuniary liability of the Issuer thereof and will not constitute any charge against such Issuer's general credit or taxing powers; nor will the Bonds of an Issuer constitute an indebtedness of or a loan of credit of such Issuer. The Bonds shall be payable solely from the receipts and revenues to be received from the Company as payments under the related Loan Agreements, or otherwise on the First Mortgage Bonds, and from any other moneys pledged therefor. Such receipts and revenues and all of the Issuers' rights and interests under the Loan Agreements (except as noted under "The Indentures—Pledge and Security" below) will be pledged and assigned to the Trustee as security, equally and ratably, for the payment of the Bonds. The payments required to be made by the Company under the Loan Agreements, or otherwise on the First Mortgage Bonds, will be sufficient, together with other funds available for such purpose, to pay the principal of and premium, if any, and interest on the Bonds. Under no circumstances will any Issuer have any obligation, responsibility or liability with respect to the Facilities, the Loan Agreements, the Indentures, the Bonds or this Official Statement, except for the special limited obligation set forth in the Indentures and the Loan Agreements whereby the Bonds are payable solely from amounts derived from the Company, the Insurance Policies and the Standby Bond Purchase Agreements (or Alternate Liquidity Facilities (as hereinafter defined), as the case may be). Nothing contained in the Indentures, the Bonds or the Loan Agreements, or in any other related documents shall be construed to require any Issuer to operate, maintain or have any responsibility with respect to any of the Facilities. The Issuers have no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse shall be had against any past, present or future commissioner, officer, employee, official, or agent of any Issuer under the Indentures, the Bonds, the

Loan Agreements or any related document. The Issuers have no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds.

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

The Emery Bonds will be supported by a Standby Bond Purchase Agreement ("The Bank of Nova Scotia Standby Bond Purchase Agreement") to be entered into between the Company and The Bank of Nova Scotia. The Carbon, Converse, Lincoln, Moffat and Sweetwater Bonds will be supported by separate Standby Bond Purchase Agreements with respect to each Issue (collectively, "The Bank of New York Standby Bond Purchase Agreements") to be entered into between the Company and The Bank of New York. The Bank of Nova Scotia Standby Bond Purchase Agreement and each of The Bank of New York Standby Bond Purchase Agreements have substantially identical terms and are referred to individually as the "Standby Bond Purchase Agreement" and, collectively, as the "Standby Bond Purchase Agreements." The Bank of Nova Scotia and The Bank of New York are referred to individually as the "Bank" and collectively as the "Banks." Each of The Bank of New York and The Bank of Nova Scotia is sometimes referred to herein as the "Agent Bank." Pursuant to each Standby Bond Purchase Agreement, the Bank party to such agreement will agree, in certain circumstances, to purchase Bonds tendered or deemed tendered by the owners thereof for purchase pursuant to the related Indenture in the event and to the extent not remarketed by the applicable Remarketing Agent (as defined below) appointed by the Company. If either Bank assigns a portion of its commitment under the applicable Standby Bond Purchase Agreement to one or more other banks, the obligations of the Banks (including any assignee banks, which upon assignment will become "Banks") to purchase Bonds under such Standby Bond Purchase Agreement will be several and not joint. Therefore, if one Bank fails to fund its portion of the commitment, the other Banks party to the Standby Bond Purchase Agreement will have no obligation with respect to that portion of the commitment. Assignment by any Bank of a portion of its commitment will be permitted only if the assignee bank is rated at least A-1 by Standard & Poor's Ratings Group ("S&P") and P-1 by Moody's Investors Service ("Moody's"). An assignment by a Bank of a portion of its commitment under the Standby Bond Purchase Agreement will be deemed to be the delivery of an Alternate Liquidity Facility. See "The Standby Bond Purchase Agreements—Extension, Reduction or Termination of the Standby Bond Purchase Agreement; Alternate Liquidity Facility." The Standby Bond Purchase Agreements will expire on November 17, 1999 unless extended or earlier terminated in accordance with their terms. The obligations of the Banks to purchase unremarketed Bonds will automatically terminate in certain events, including events relating to insolvency of the Insurer, failure by the Insurer to make payments as required by the Insurance Policy, termination, cancellation or material modification of the Insurance Policy, or a judicial determination that the Insurance Policy is not enforceable against the Insurer. The obligations of the Banks are also subject to suspension in certain events, without notice, including a ratings downgrade of the Insurer or if the Insurer claims or asserts, or any governmental authority finds, that the Insurance Policy is invalid or unenforceable, which events, if not cured, will also result in termination of the obligations of the Banks. See "The Standby Bond Purchase Agreements—Events of Default" and "—Consequences of Event of Termination."

Goldman, Sachs & Co. has been appointed by the Company as Remarketing Agent with respect to the Emery Bonds. J.P. Morgan Securities Inc. has been appointed by the Company as Remarketing Agent with respect to the Converse Bonds, the Lincoln Bonds and the Sweetwater Bonds. Morgan Stanley & Co. Incorporated has been appointed by the Company as Remarketing Agent with respect to the Carbon Bonds and the Moffat Bonds. Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated are referred to herein as the "Remarketing Agents." The Company will enter into a separate Remarketing Agreement with each Remarketing Agent with respect to the Bonds to be remarketed by such Remarketing Agent.

Under certain circumstances described in the applicable Loan Agreement, a Standby Bond Purchase Agreement may be replaced by an alternate liquidity facility supporting payment of the purchase price of tendered or deemed tendered Bonds (each an "Alternate Liquidity Facility"). The entity or entities, as the case may be, obligated to make payment on an Alternate Liquidity Facility shall be referred to herein as the "Obligor on an Alternate Liquidity Facility." An Obligor on an Alternate Liquidity Facility that is appointed as "Agent" with respect to that facility shall be referred to herein as the "Agent Obligor on an Alternate Liquidity Facility." In certain circumstances, the replacement of a Standby Bond Purchase Agreement or an Alternate Liquidity Facility may result in the mandatory purchase of Bonds. In addition, a Standby Bond Purchase Agreement may be replaced by a substitute standby bond purchase agreement (a "Substitute Standby

Bond Purchase Agreement"). See "The Standby Bond Purchase Agreements—Extension, Reduction or Termination of the Standby Bond Purchase Agreement; Alternate Liquidity Facility" and "—Substitute Standby Bond Purchase Agreement."

Concurrently with the issuance of the Bonds, AMBAC Indemnity Corporation (the "Insurer") will issue a municipal bond insurance policy with respect to the Bonds of each Issue (each, an "Insurance Policy" and, collectively, the "Insurance Policies"). Each Insurance Policy will insure payment only on stated maturity dates or upon mandatory redemption as a result of a Determination of Taxability (as hereinafter defined) or certain mandatory redemptions of Unremarketed Bonds (as hereinafter defined) held by a Bank (as described below under "The Bonds—Special Mandatory Redemption of Bonds"), in the case of principal, and on stated dates for payment, in the case of interest. Except in the event of payment by the Insurer upon a mandatory redemption as a result of a Determination of Taxability or certain mandatory redemptions of Unremarketed Bonds, if the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, the Insurer will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration. Except upon a mandatory redemption as a result of a Determination of Taxability or certain mandatory redemptions of Unremarketed Bonds held by a Bank, the Insurer will not guarantee the payment of the principal of the Bonds payable prior to the stated maturity thereof or the payment of interest other than on a regular interest payment date. See "Bond Insurance" below and Appendix B hereto.

Brief descriptions of the Issuers, the Facilities, the Banks and the Insurer and summaries of certain provisions of the Bonds, the Loan Agreements, the Standby Bond Purchase Agreements, the Banks, the Indentures, the First Mortgage Bonds and the Insurance Policies are included in this Official Statement, including the Appendices hereto. Information regarding the business, properties and financial condition of the Company is included in and incorporated by reference in Appendix A hereto. A specimen insurance policy is included as Appendix B hereto. A brief description of the Banks is included as Appendix C hereto. Proposed forms of opinions of Bond Counsel are included in Appendices D through I hereto. The descriptions herein of the Loan Agreements, the Indentures, the Company Mortgage, the Insurance Policies and the Standby Bond Purchase Agreements are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds and the First Mortgage Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights generally. Copies of such documents, except the Company Mortgage, may be obtained from the principal corporate trust office of the Trustee in Chicago, Illinois. The Company Mortgage is available for inspection at the office of the Company and at the principal office of the Company Mortgage Trustee in New York, New York.

THE ISSUERS

Carbon County

Carbon County is a political subdivision, duly organized and existing under the Constitution and laws of the State of Utah. Pursuant to the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended (the "Utah Act"), Carbon County is authorized to issue the Carbon Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Carbon Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

Converse County

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

Emery County

Emery County is a political subdivision, duly organized and existing under the Constitution and laws of the State of Utah. Pursuant to the Utah Act, Emery County is authorized to issue the Emery Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Emery Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreements and the First Mortgage Bonds.

Lincoln County

Lincoln County is a political subdivision, duly organized and existing under the Constitution and laws of the State of Wyoming. Pursuant to the Wyoming Act, Lincoln County is authorized to issue the Lincoln Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Lincoln Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

Moffat County

Moffat County is a public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Colorado. Pursuant to the County and Municipality Development Revenue Bond Act, Title 29, Article 3, Colorado Revised Statutes 1973, as amended (the "Colorado Act"), Moffat County is authorized to issue the Moffat Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Moffat Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

Sweetwater County

Sweetwater County is a political subdivision, duly organized and existing under the Constitution and laws of the State of Wyoming. Pursuant to the Wyoming Act, Sweetwater County is authorized to issue the Sweetwater Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Sweetwater Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

THE FACILITIES

The Prior Carbon Bonds were issued by Carbon County to finance solid waste disposal facilities or air or water pollution control facilities (the "Carbon Facilities") for the Carbon coal-fired electric generating plant (the "Carbon Plant") located in Carbon County.

The Prior Converse Bonds were issued to finance air and water pollution control facilities (the "Dave Johnston Facilities") for the Dave Johnston coal-fired steam electric power plant (the "Dave Johnston Plant") located near the town of Glenrock, Wyoming.

The Prior Emery 1974 Bonds were issued by Emery County to finance solid waste disposal facilities or air or water pollution control facilities (the "Huntington Facilities") for the Huntington coal-fired electric generating plant (the "Huntington Plant") located in Emery County.

The Prior Emery 6-3/8% Bonds were issued to finance solid waste disposal facilities or air or water pollution control facilities (the "Emery 1 Facilities") for the second unit of the Huntington Plant and the Emery generating plant, which is now known as the Hunter coal-fired steam electric generating plant (the "Hunter Plant"), each of which is located in Emery County.

The Prior Emery 5.90% Bonds were issued to finance water and air pollution control facilities (the "Emery 2 Facilities") for the second unit of the Huntington Plant and the Hunter Plant in Emery County.

The Prior Emery 10.70% Bonds were issued to refund the Emery County, Utah $16,750,000 Pollution Control Revenue Bonds (Utah Power & Light Company Project), dated May 11, 1984 (the "Emery May 1984 Bonds"), that were issued to finance air or water pollution control facilities (the "Hunter Facilities") for Unit 3 of the Hunter Plant located in Emery County.

The Prior Lincoln Bonds were issued to finance solid waste disposal facilities or air pollution control facilities (the "Naughton Facilities") for the Naughton coal-fired electric generating plant (the "Naughton Plant") located in Lincoln County.

The Prior Moffat Bonds were issued to finance Colorado-Ute's undivided 29% interest in air and water pollution control facilities (the "Craig Facilities") in connection with electric generating units 1 and 2 of the Craig Station (the "Craig Station") located in Moffat County. The Prior Moffat Bonds had been in default prior to the time the Company assumed an obligation to make payments with respect to the Prior Moffat Bonds in connection with the Company's acquisition of its interest in the Craig Facilities.

The Prior Sweetwater 1994T Bonds were issued to temporarily refund the $21,260,000 principal amount of Sweetwater County, Wyoming, Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1973 (the "Sweetwater 1973 Bonds"), which were issued to finance the Company's undivided 66-2/3% interest in the air and water pollution control facilities (the "Jim Bridger Facilities") for the Jim Bridger coal-fired steam electric generating plant (the "Jim Bridger Plant") located in Sweetwater County.

The Carbon Plant, the Dave Johnston Plant, the Huntington Plant, the Hunter Plant, the Naughton Plant, the Craig Station and the Jim Bridger Plant are hereinafter referred to collectively as the "Plants" and the Carbon Facilities, the Huntington Facilities, the Dave Johnston Facilities, the Emery 1 Facilities, the Emery 2 Facilities, the Hunter Facilities, the Naughton Facilities, the Craig Facilities and the Jim Bridger Facilities are hereinafter referred to collectively as the "Facilities." The interest of the Company in each of the Facilities is hereinafter referred to as the "Project."

USE OF PROCEEDS

It is expected that the proceeds from the sale of the Bonds, together with funds of the Company, will be applied to the redemption of the principal amount of the Prior Bonds outstanding immediately prior to redemption on or before January 15, 1995.

THE BONDS

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

General

The Bonds will be issued only as fully registered Bonds without coupons in the manner described below. The Bonds will be dated as of their date of delivery and will mature on the dates set forth on the inside front cover page of this Official Statement. The Bonds may bear interest at Daily, Weekly, Flexible or Term Interest Rates designated and determined from time to time as described herein. The initial Rate Period (as defined below) for the Bonds of each Issue will be a Daily Interest Rate Period. The Bonds are subject to purchase at the option of the holders of the Bonds, and under certain circumstances are subject to mandatory purchase, in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

Bonds may be transferred or exchanged for other Bonds in authorized denominations at the principal office of the Trustee as the registrar and paying agent (in such capacities, the "Registrar" and the "Paying Agent"). The Bonds will be issued in authorized denominations of $100,000 or any integral multiple of $100,000 (provided that one Bond need not be in a multiple of $100,000, but may be in such denomination greater than $100,000 as shall be necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate; $100,000 or any integral multiple of $5,000 in excess of $100,000, when the Bonds bear interest at a Flexible Interest Rate; and $5,000 or any integral multiple thereof, when the Bonds bear interest at a Term Interest Rate (collectively, "Authorized Denominations"). Exchanges and transfers shall be made without charge to the Owners, except for any applicable tax or other governmental charge.

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

"Interest Payment Date" means (i) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Term Interest Rate Period, the first day of the sixth month following the commencement of the Term Interest Rate Period and the first day of each sixth month thereafter, (iii) with respect to any Flexible Segment, the Business Day next succeeding the last day of such Flexible Segment, (iv) with respect to any Rate Period, the Business Day next succeeding the last day thereof and (v) with respect to any Bond when it bears interest at a Flexible Interest Rate, any date on which there is a mandatory purchase of the Bond as described in subparagraph (c) of the first paragraph under "—Mandatory Purchase."

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

"Record Date" means (i) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, Weekly Interest Rate Period or Flexible Segment, the Business Day next preceding such Interest Payment Date, and (ii) with respect to any Interest Payment Date in respect of any Term Interest Rate Period, the fifteenth day of the month preceding such Interest Payment Date.

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

Payment of Principal and Interest

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

Interest on each Bond shall be payable on each Interest Payment Date for each such Bond for the period commencing on the immediately preceding Interest Payment Date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such Interest Payment Date. Interest shall be computed, in the case of any Daily, Weekly, or Flexible Interest Rate Period, on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed and, in the case of a Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months.

Rate Periods

The term of the Bonds shall be divided into consecutive Rate Periods, during which such Bonds shall bear interest at a Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate, as described below. At any time the Rate Period applicable to any Issue of Bonds may be different from that applicable to any other Issue of Bonds.

Daily Interest Rate Period

Determination of Daily Interest Rate. During each Daily Interest Rate Period, the Bonds of an Issue shall bear interest at the Daily Interest Rate determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for the Business Day next succeeding such date of determination and as may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in Tax-Exempt obligations comparable to the Bonds for such day.

The Daily Interest Rate shall be the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Daily Interest Rate for any day by 10:00 a.m., New York time, the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding day. In no event shall the Daily Interest Rate exceed the lesser of 18% per annum or the rate specified in any Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect (initially 12% per annum).

Adjustment to Daily Interest Rate Period. The interest rate borne by Bonds of an Issue shall be adjusted to a Daily Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, of a written notice from the Company. Such notice (1) shall specify the effective date of the adjustment to a Daily Interest Rate, which shall be (A) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (B) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period, and (C) in the case of an adjustment from a Flexible Interest Rate Period, either the day immediately following the last day of the then-current Flexible Interest Rate Period or the day immediately following the last day of the last Flexible Segment for each Bond in the then-current Flexible Interest Rate Period, all as determined in accordance with clause (1) or (2), respectively, under "—Flexible Interest Rate Period—Adjustment from Flexible Interest Rates"; provided, however, that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not theretofore have been effected, the effective date of such Daily Interest Rate Period shall not precede such redemption date; and (2) if the adjustment is from a Term Interest Rate Period having a duration in excess of one year, shall be accompanied by an opinion of nationally recognized bond counsel ("Bond Counsel") to the effect that such adjustment (A) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (B) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

Notice of Adjustment to Daily Interest Rate Period. The Trustee shall give notice by mail of an adjustment to a Daily Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on such Bonds will be adjusted to a Daily Interest Rate (subject to the Company's ability to rescind its election as described below under "—Rescission of Election"), (2) the effective date of such Daily Interest Rate Period, (3) that such Bonds are subject to mandatory purchase on such effective date, (4) the procedures for such mandatory purchase, (5) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (6) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

Weekly Interest Rate Period

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

The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Interest Rate for any period, the Weekly Interest Rate shall be the same as the Weekly Interest Rate

for the immediately preceding week. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of the Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. In no event shall the Weekly Interest Rate exceed the lesser of 18% per annum or the rate specified in any Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect (initially 12% per annum).

Adjustment to Weekly Interest Rate Period. The interest rate borne by Bonds of an Issue shall be adjusted to a Weekly Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, of a written notice from the Company. Such notice (1) shall specify the effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (B) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period, and (C) in the case of an adjustment from a Flexible Interest Rate Period, either the day immediately following the last day of the then-current Flexible Interest Rate Period or the day immediately following the last day of the last Flexible Segment for each Bond in the then-current Flexible Interest Rate Period, all as determined in accordance with clause (1) or (2), respectively, under "—Flexible Interest Rate Period—Adjustment from Flexible Interest Rates"; provided, however, that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not theretofore have been effected, the effective date of such Weekly Interest Rate Period shall not precede such redemption date; and (2) if the adjustment is from a Term Interest Rate Period having a duration in excess of one year, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (A) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (B) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

Notice of Adjustment to Weekly Interest Rate Period. The Trustee shall give notice by mail of an adjustment to a Weekly Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on such Bonds will be adjusted to a Weekly Interest Rate (subject to the Company's ability to rescind its election as described below under "—Rescission of Election"), (2) the effective date of such Weekly Interest Rate Period, (3) that such Bonds are subject to mandatory purchase on such effective date, (4) the procedures for such mandatory purchase, (5) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (6) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

Term Interest Rate Period

Determination of Term Interest Rate. During each Term Interest Rate Period, the Bonds of an Issue shall bear interest at the Term Interest Rate determined by the Remarketing Agent on a Business Day selected by the Remarketing Agent, but not more than 30 days prior to and not later than the effective date of such Term Interest Rate Period.

The Term Interest Rate shall be the rate determined by the Remarketing Agent on such date, and communicated on such date to the Trustee, the Paying Agent and the Company, as being the lowest rate (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which would enable the Remarketing Agent to sell the Bonds on the effective date of such Term Interest Rate Period at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If, for any reason, a Term Interest Rate for any Term Interest Rate Period shall not be determined or effective, then (1) if the then-current Term Interest Rate Period is for one year or less, the Rate Period for such Bonds will automatically convert to a Daily Interest Rate Period and (2) if the then-current Term Interest Rate Period is for more than one year, the Rate Period for the Bonds shall automatically adjust to a Term Interest Rate Period of one year and one day; provided, however, that if the last day of any successive Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such successive Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Interest Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period shall be a Term Interest Rate Period ending on the day prior to the final maturity date of the Bonds; provided, further, that in the case of clause (2) above, if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the

then-effective Term Interest Rate Period, the Rate Period for the Bonds will adjust to a Daily Interest Rate Period. If the Daily Interest Rate for the first day of any such Daily Interest Rate Period is not determined as described under "—Daily Interest Rate Period—Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period shall be 80% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). If a Term Interest Rate for any such Term Interest Rate Period described in clause (2) above is not determined as described in the second preceding sentence, the Term Interest Rate for such Term Interest Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). In no event shall any Term Interest Rate exceed the lesser of 18% per annum or the rate specified in any Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect (initially 12% per annum).

Adjustment to or Continuation of Term Interest Rate Period. The interest rate borne by Bonds of an Issue shall be adjusted to or continued as a Term Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, of a written notice from the Company, which notice shall specify the duration of the Term Interest Rate Period during which the Bonds shall bear, or continue to bear, interest at a Term Interest Rate. Such notice may specify two or more consecutive Term Interest Rate Periods and, if it so specifies, shall specify the duration of each such Term Interest Rate Period as provided in this paragraph. Such notice shall specify the effective date of each Term Interest Rate Period, which shall be (1) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee), (2) in the case of an adjustment from or continuation of a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period, and (3) in the case of an adjustment from a Flexible Interest Rate Period, either the day immediately following the last day of the then-current Flexible Interest Rate Period or the day immediately following the last day of the last Flexible Segment for each Bond in the then-current Flexible Interest Rate Period, all as determined in accordance with clause (1) or (2), respectively, under "—Flexible Interest Rate Period—Adjustment from Flexible Interest Rates"; provided, however, that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not have been effected, the effective date of such Term Interest Rate Period shall not precede such redemption date. Such notice shall also specify (1) the last day of such Term Interest Rate Period (which shall be either the day preceding the maturity date of the Bonds or a day which both immediately precedes a Business Day and is at least one year after such effective date) and (2) unless such Term Interest Rate Period immediately succeeds a Term Interest Rate Period of the same duration and is subject to the same optional redemption rights, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (i) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (ii) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

If, by 20 days prior to the end of the then-current Term Interest Rate Period, the Trustee has not received the Company's notice of an adjustment to a Daily Interest Rate Period, a Weekly Interest Rate Period, a Term Interest Rate Period or a Flexible Interest Rate Period, accompanied by appropriate opinions of Bond Counsel, then (1) in the event the then-current Term Interest Rate Period is for one year or less, the Rate Period for the Bonds shall automatically convert to a Daily Interest Rate Period and (2) in the event the current Term Interest Rate Period is for more than one year, the Rate Period for the Bonds shall automatically adjust to a Term Interest Rate Period of one year and one day; provided, however, that if the last day of any successive Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such successive Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Interest Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period shall be a Term Interest Rate Period ending on the day prior to the final maturity date of the Bonds; provided, further, that in the case of clause (2) above, if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then-effective Term Interest Rate Period, the Rate Period for the Bonds will adjust to a Daily Interest Rate Period. If the Daily Interest Rate for the first day of any such Daily Interest Rate Period is not determined as described under "—Daily Interest Rate Period—Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). If a Term Interest Rate for any such Term Interest Rate Period described in clause (2) above is not determined as described in the second preceding sentence, the Term Interest Rate for such Term Interest Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or,

if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to The Bond Buyer).

The notice of an adjustment to or continuation of a Term Interest Rate may specify that such Term Interest Rate Period shall be automatically renewed for successive Term Interest Rate Periods each having the same duration as the Term Interest Rate Period so specified; provided, however, that such election must be accompanied by an opinion of Bond Counsel to the effect that such continuing automatic renewals of such Term Interest Rate Period (1) are authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (2) will not adversely affect the Tax-Exempt status of interest on the Bonds. If such election is made, no opinion of Bond Counsel shall be required in connection with the commencement of each successive Term Interest Rate Period determined in accordance with such election. At the same time the Company elects to have the Bonds bear interest at a Term Interest Rate, or to continue to bear interest at a Term Interest Rate, the Company may also specify in the notice to the Trustee optional redemption prices and periods different from those set forth in the Indenture during the Term Interest Rate Period(s) with respect to which such election is made; provided, however, that such notice shall be accompanied by an opinion of Bond Counsel to the effect that such changes are authorized or permitted by the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and the Indenture and will not adversely affect the Tax-Exempt status of the Bonds.

Notice of Adjustment to or Continuation of Term Interest Rate Period. The Trustee shall give notice by mail of an adjustment to or continuation of a Term Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Term Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to, or continue to be, a Term Interest Rate (subject to the Company's ability to rescind its election as described below under "—Rescission of Election"), (2) the effective date and the last date of such Term Interest Rate Period, (3) that the Term Interest Rate for such Term Interest Rate Period will be determined not later than the effective date thereof, (4) how such Term Interest Rate may be obtained from the Remarketing Agent, (5) the Interest Payment Dates after such effective date, (6) that during such Term Interest Rate Period the holders of such Bonds will not have the right to tender their Bonds for purchase, (7) that, except when the new Term Interest Rate Period is preceded by a Term Interest Rate Period of the same duration, such Bonds are subject to mandatory purchase on such effective date, and (8) the redemption provisions that will apply to the Bonds during such Term Interest Rate Period.

Flexible Interest Rate Period

Determination of Flexible Segments and Flexible Interest Rates. During each Flexible Interest Rate Period, each Bond shall bear interest during each Flexible Segment for such Bond at the Flexible Interest Rate for such Bond. Each Flexible Segment for any Bond shall be a period ending on a day immediately preceding a Business Day, of not less than one nor more than 365 days determined by the Remarketing Agent to be, in its judgment, the period which, together with all other Flexible Segments for all Bonds of such Issue then outstanding, is likely to result in the lowest overall net interest expense on such Bonds. Any Bond purchased on behalf of the Company and remaining unsold by the Remarketing Agent as of the close of business on the effective date of the Flexible Segment for such Bond will have a Flexible Segment of one day or, if such Flexible Segment would not end on a day immediately preceding a Business Day, a Flexible Segment of more than one day ending on the day immediately preceding the next Business Day. No Flexible Segment shall extend beyond the final maturity date of the Bonds.

The Flexible Interest Rate for each Flexible Segment for each Bond shall be the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) no later than the first day of such Flexible Segment (and in the case of a Flexible Segment of one day, no later than 12:30 p.m. New York time, on such date) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If a Flexible Segment or a Flexible Interest Rate for a Flexible Segment is not determined or effective, the Flexible Segment for such Bond shall be a Flexible Segment of one day, and the interest rate for such Flexible Segment of one day shall be 80% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). In no event shall any Flexible Interest Rate exceed the lesser of 18% per annum or the rate specified in any Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect (initially 12% per annum).

Adjustment to Flexible Interest Rate Period. The interest rate borne by Bonds of an Issue shall be adjusted to Flexible Interest Rates upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing

Agent and the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, of a written notice from the Company. Such notice (1) shall specify the effective date of the Flexible Interest Rate Period which shall be (A) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee) and (B) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds could be redeemed at the option of the Company or the day immediately following the last day of the then-current Term Interest Rate Period; provided, however, that if prior to the Company's making such election any Bonds have been called for redemption and such redemption shall not theretofore have been effected, the effective date of the Flexible Interest Rate Period shall not precede such redemption date and (2) in the case of an adjustment from a Term Interest Rate Period having a duration in excess of one year, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (A) is authorized or permitted by the Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and (B) will not adversely affect the Tax-Exempt status of the interest on the Bonds. During each Flexible Interest Rate Period commencing on the date so specified (provided that the opinion of Bond Counsel described in clause (2) above, if required, is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, each Bond shall bear interest at a Flexible Interest Rate during each Flexible Segment for such Bond.

Notice of Adjustment to Flexible Interest Rate Period. The Trustee shall give notice by mail of an adjustment to a Flexible Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Flexible Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be adjusted to Flexible Interest Rates (subject to the Company's ability to rescind its election as described below under "—Rescission of Election"), (2) the effective date of such Flexible Interest Rate Period, (3) that such Bonds are subject to mandatory purchase on the effective date of such Flexible Interest Rate Period, (4) the procedures for such mandatory purchase, and (5) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

Adjustment from Flexible Interest Rates. At any time during a Flexible Interest Rate Period, the interest rate borne by Bonds of an Issue shall be adjusted from Flexible Interest Rates and the Bonds shall instead bear interest as otherwise permitted in the Indenture, upon receipt by the Issuer, the Trustee, the Paying Agent and the Remarketing Agent of written notice from the Company specifying the Rate Period to follow with respect to such Bonds and instructing the Remarketing Agent to:

(1) determine Flexible Segments of such duration that, as soon as possible, all Flexible Segments shall end on the same date, not earlier than the eleventh day following the third Business Day (or such shorter period acceptable to the Trustee) following the receipt by the Trustee and Paying Agent of notice from the Company, which date shall be the last day of the then-current Flexible Interest Rate Period, and, upon the establishment of such Flexible Segments, the day next succeeding the last day of all such Flexible Segments shall be the effective date of the Rate Period elected by the Company; or

(2) determine Flexible Segments of such duration that will, in the judgment of the Remarketing Agent, best promote an orderly transition to the next succeeding Rate Period beginning not earlier than the eleventh day following the third Business Day (or such shorter period acceptable to the Trustee) after the receipt by the Trustee and Paying Agent of such notice.

If the Company selects alternative (2) above, the day next succeeding the last day of the Flexible Segment for each Bond of an Issue shall be with respect to such Bond the effective date of the Rate Period elected by the Company. An adjustment from a Flexible Interest Rate Period described in this paragraph may result in some of the Bonds of an Issue bearing interest at a Daily Interest Rate, Weekly Interest Rate or Term Interest Rate while other Bonds of such Issue continue to bear interest at Flexible Interest Rates.

Determination Conclusive

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

Rescission of Election

The Company may rescind any election by it to adjust to or, in the case of a Term Interest Rate Period, continue a Rate Period prior to the effective date of such adjustment or continuation by giving written notice of rescission to the Issuer, the Trustee, the Paying Agent and the Remarketing Agent prior to such effective date. At the time the Company gives notice of the rescission, it may also elect in such notice to continue the Rate Period then in effect; provided, however, that if the Rate Period then in effect is a Term Interest Rate

Period, the subsequent Term Interest Rate Period shall not be of a different duration than the Term Interest Rate Period then in effect unless the Company provides to the Trustee an approving opinion of Bond Counsel prior to the expiration of the then-current Term Interest Rate Period. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the change in or continuation of Rate Periods, then such notice of change in or continuation of Rate Periods shall be of no force and effect and shall not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment from other than a Term Interest Rate Period in excess of one year or an attempted adjustment from one Rate Period (other than a Term Interest Rate Period in excess of one year) to another Rate Period does not become effective for any other reason and if the Company does not elect to continue the Term Interest Rate Period then in effect, then the Rate Period for the Bonds shall automatically adjust to or continue in a Daily Interest Rate Period and the Trustee shall immediately give notice thereof to the Owners of the Bonds. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment from a Term Interest Rate Period in excess of one year to another Rate Period (including a Term Interest Rate Period of a different duration), or if an attempted adjustment from a Term Interest Rate Period in excess of one year to another Rate Period (including a Term Interest Rate Period of a different duration) does not become effective for any reason and if the Company does not elect to continue the Term Interest Rate Period then in effect, then the Rate Period for the Bonds shall continue to be a Term Interest Rate Period of the same duration as the immediately preceding Term Interest Rate Period, subject to the second proviso contained in the paragraph above under "—Term Interest Rate Period—Determination of Term Interest Rate"; provided that if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then effective Term Interest Rate Period, the Rate Period for the Bonds shall be as directed by the Company in writing. If a Daily Interest Rate for the first day of any Daily Interest Rate Period to which a Rate Period is adjusted in accordance with this paragraph is not determined as described in "—Daily Interest Rate Period—Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period shall be 80% of the most recent One-Year Note Index theretofore published in The Bond Buyer (or, if The Bond Buyer is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to The Bond Buyer). The Trustee shall immediately give written notice of each such automatic adjustment to a Rate Period as described in this paragraph to the Owners.

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

Optional Purchase

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

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

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

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

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

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

Term Interest Rate Period. Any Bond (or portions thereof in Authorized Denominations) shall be purchased at the option of the owner thereof on the first day of any Term Interest Rate Period that follows a Term Interest Rate Period of equal duration, at a purchase price equal to (1) if the Bond is purchased on or prior to the Record Date, 100% of the principal amount thereof plus accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date in which case the purchase price shall be equal to the principal amount thereof) or (2) if the Bond is purchased after the Record Date, 100% of the principal amount thereof, upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee on any Business Day not less than 15 days before the purchase date of an irrevocable notice in writing by 5:00 p.m., New York time, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be so tendered for purchase; and

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

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

Mandatory Purchase

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

(a) as to any Bond, on the effective date of any change in a Rate Period, other than the effective date of a Term Interest Rate Period which was preceded by a Term Interest Rate Period of the same duration;

(b) as to each Bond in a Flexible Interest Rate Period, on the day next succeeding the last day of any Flexible Segment with respect to such Bond; or

(c) as to all Bonds of an Issue, on the Business Day preceding (1) the stated expiration date of the Standby Bond Purchase Agreement or any Alternate Liquidity Facility, including any extensions thereof, (2) the date on which an Alternate Liquidity Facility is substituted for the Standby Bond Purchase Agreement or the Alternate Liquidity Facility then in effect, or (3) the date on which the Company terminates the Standby Bond Purchase Agreement or the Alternate Liquidity Facility then in effect, unless (A) the Company has delivered to the Trustee at least 20 days prior 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 Liquidity Facility or the proposed termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, and that the delivery of the proposed Alternate Liquidity Facility or the proposed termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's short-term rating or ratings of the Bonds, and, if an Alternate Liquidity Facility is being provided, the Trustee received delivery of the proposed Alternate Liquidity Facility at least 20 days prior to the expiration or termination

of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, or (B) the Bank or the Obligor on an Alternate Liquidity Facility, as the case may be, has no obligation to provide moneys on such Business Day to purchase Bonds under the terms of the Standby Bond Purchase Agreement or the Alternate Liquidity Facility, as the case may be. See "The Standby Bond Purchase Agreements—Extension, Reduction or Termination of the Standby Bond Purchase Agreement; Alternate Liquidity Facility" below.

When Bonds are subject to redemption pursuant to paragraph (c) below under "—Optional Redemption of Bonds," the Bonds are also subject to mandatory purchase on a day that the Bonds would be subject to redemption, at a purchase price equal to 100% of the principal amount thereof plus an amount equal to any premium which would have been payable on such redemption date had the Bonds been redeemed if the Company gives notice to the Trustee on the day prior to the redemption date that it elects to have the Bonds purchased in lieu of redemption. If the Bonds are purchased on or prior to the Record Date, the purchase price shall include accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the amount specified in the preceding sentence). If the Bonds are purchased after the Record Date, the purchase price shall not include accrued interest.

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (c) of the second preceding paragraph, the Trustee shall give notice by mail to the Remarketing Agent and the Owners of the Bonds of the stated expiration, substitution or termination of the Standby Bond Purchase Agreement or any Alternate Liquidity Facility, not less than 15 days prior to such stated expiration, substitution or termination which notice shall (1) describe generally any Standby Bond Purchase Agreement or any Alternate Liquidity Facility in effect prior to the stated expiration, substitution or termination and any Substitute Standby Bond Purchase Agreement or Alternate Liquidity Facility to be in effect upon such stated expiration, substitution or termination and state the name of the provider thereof; (2) state the date of such stated expiration, substitution or termination; (3) state the rating or ratings, if any, which the Bonds are expected to receive from any rating agency following such stated expiration, substitution or termination; (4) state that the Bonds are subject to mandatory purchase; (5) state the purchase date; and (6) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the New York office designated by the Trustee as the "Delivery Office of the Trustee."

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

Purchase of Bonds

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

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

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

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

(d) moneys furnished pursuant to the Standby Bond Purchase Agreement or an Alternate Liquidity Facility, as the case may be, to the Trustee for the payment of the purchase price of the Bonds; and

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

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

"Available Moneys" means (a) as used above under "—Purchase of Bonds" and below in subparagraph (b) of the first paragraph under "The Indentures—Defeasance," (i) during such time as a Standby Bond Purchase Agreement or an Alternate Liquidity Facility is in effect and subject to the condition that if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to Moody's (if the Bonds are then rated by Moody's) and the Trustee (which opinion shall be delivered to the Trustee at or prior to the time of the deposit of such moneys with the Trustee), the deposit and use of such moneys will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event the Issuer or the Company were to become debtors under the United States Bankruptcy Code (the "Preference Opinion Condition"), (A) moneys on deposit in trust with the Trustee for a period of at least 123 days prior to and during which no petition in bankruptcy or similar insolvency proceeding has been filed by or against the Company or the Issuer or is pending (unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal), (B) proceeds of the issuance of refunding bonds (including proceeds from the investment thereof), and (C) any other moneys, and (ii) at any time that a Standby Bond Purchase Agreement or an Alternate Liquidity Facility is not in effect, any moneys on deposit with the Trustee and proceeds from the investment thereof and (b) as used below under "—Procedure for and Notice of Redemption" and in subparagraph (c) of the first paragraph and clause (a) of the fifth paragraph under "The Indentures—Defeasance," (i) during such time as an Insurance Policy is in effect, and, subject to the Preference Opinion Condition, moneys described in clauses (A), (B) and (C) of this paragraph and (ii) at any time that an Insurance Policy is not in effect, any moneys on deposit with the Trustee and proceeds from the investment thereof.

Remarketing of Bonds

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

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

Optional Redemption of Bonds

Bonds of any Issue may be redeemed at the option of the Company, in whole, or in part by lot, prior to their maturity date as follows:

(a) On any Business Day during a Daily Interest Rate Period or Weekly Interest Rate Period, the Bonds of an Issue may be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption.

(b) During any Flexible Interest Rate Period, each Bond may be redeemed on the day next succeeding the last day of each Flexible Segment for such Bond at a redemption price equal to 100% of its principal amount.

(c) During any Term Interest Rate Period and on the day next succeeding the last day of each Term Interest Rate Period, the Bonds of an Issue may be redeemed during the periods specified below, in whole or in part at any time, at the redemption prices set forth below plus accrued interest, if any, to the redemption date:

Length of Term Interest Rate Period	Redemption Dates and Prices
Greater than 13 years	At any time on or after the 10th anniversary of the effective date of the Term Interest Rate Period at 102% declining 1% annually to 100%
Greater than 10 and less than or equal to 13 years	At any time on or after the 5th anniversary of the effective date of the Term Interest Rate Period at 102% declining 1% annually to 100%
Greater than 7 and less than or equal to 10 years	At any time on or after the 3rd anniversary of the effective date of the Term Interest Rate Period at 102% declining 1% annually to 100%
Greater than 4 and less than or equal to 7 years	At any time on or after the 2nd anniversary of the effective date of the Term Interest Rate Period at 101% declining 1/2% annually to 100%
Greater than 2 and less than or equal to 4 years	At any time on or after the 2nd anniversary of the effective date of the Term Interest Rate Period at 101% declining 1/2% each six months thereafter to 100%
Greater than 1 and less than or equal to 2 years	At any time on or after the 1st anniversary of the effective date of the Term Interest Rate Period at 100-1/2% declining 1/2% six months thereafter to 100%
Less than or equal to 1 year	Not redeemable

With respect to any Term Interest Rate Period, the Company may specify in the notice described above in the third paragraph under "—Term Interest Rate Period—Adjustment to or Continuation of Term Interest Rate Period" redemption provisions, prices and periods other than those set forth above; provided, however, that such notice shall be accompanied by an opinion of Bond Counsel to the effect that such changes are authorized or permitted by the Utah Act, the Wyoming Act or the Colorado Act, as applicable, and the Indenture and will not adversely affect the Tax-Exempt status of the Bonds.

Extraordinary Optional Redemption of Bonds

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

(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 Project 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 Project, or other liabilities or burdens with respect to the Project 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 Project; or

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

(iv) the operation of the Project 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.

Special Mandatory Redemption of Bonds

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

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

Bonds purchased with moneys provided pursuant to the Standby Bond Purchase Agreement or Alternate Liquidity Facility, as the case may be, and which have not been released by the Bank (or the Obligor on an Alternate Liquidity Facility, as the case may be) for remarketing ("Unremarketed Bonds") are subject to mandatory redemption in certain events. If the Trustee receives notice from the Bank or the Obligor on an Alternate Liquidity Facility (the "Notifying Party") that an Insurer Default (as defined below) has occurred, all Unremarketed Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Unremarketed Bonds plus accrued and unpaid interest thereon to the redemption date on the date falling 90 days after the date the Trustee receives such notice of an Insurer Default; provided, however, that such Unremarketed Bonds shall not be so redeemed if the Trustee shall have received notice prior to such redemption date from the Notifying Party that (i) such Insurer Default has been waived by the Notifying Party or (ii) such Insurer Default has been cured or (iii) the Insurer has been replaced or an additional Insurer has been provided under the circumstances described below under "The Indentures—Modifications and Amendments." The Trustee shall promptly provide a copy of any such notice received to the Owners of the Bonds and to the Remarketing Agent.

"Insurer Default" means any of the following events:

(a) the failure of the Insurer to make any payment required under the Insurance Policy when the same shall become due and payable or the Insurance Policy shall for any reason cease to be in full force and effect;

(b) a decree or order for relief shall be entered by a court or insurance regulatory authority having jurisdiction over the Insurer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, custodian, trustee, sequestrator (or similar official) of the Insurer or for any substantial part of the property of the Insurer or ordering the winding-up or liquidation of the affairs of the Insurer, and the continuance of any such decree or order shall be unstayed and remain in effect for a period of 60 consecutive days thereafter; or

(c) the Insurer shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or it shall consent to or acquiesce in the entry of an order for relief in an involuntary case under any such law, or it shall consent to the appointment of or taking

of possession by a receiver, liquidator, trustee, custodian, sequestrator (or similar official) of the Insurer or for any substantial part of the property of it, or it shall make a general assignment for the benefit of creditors, or the Insurer shall fail generally or admit in writing its inability to pay its debts as such debts become due, or the Insurer shall take corporate action in contemplation or furtherance of any of the foregoing.

Procedure for and Notice of Redemption

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

With respect to notice of any optional redemption of the Bonds, as described above, unless upon the giving of such notice, such Bonds 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 Available Moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed. If such Available Moneys are not so received, the redemption shall not be made and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such redemption will not take place.

Book-Entry System

The following information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the Company believes to be reliable, but none of the Company, the Issuer or the Underwriter take any responsibility for the accuracy of such information.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co., as nominee for DTC. One fully-registered Bond certificate will be issued for the Bonds of each Issue, in the aggregate principal amount thereof, and will be deposited with DTC. The Bonds will initially be available for purchase in book-entry form only.

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 ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants (the "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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, 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 the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 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 the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

As long as the book-entry system is used for the Bonds, redemption notices shall be sent to Cede & Co. If less than all of the Bonds of any Issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is used for the Bonds, principal or purchase price of and premium, if any, and interest payments on, the Bonds will be made to 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 Company, the Paying Agent, the Trustee, the Underwriter, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to DTC is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner, through a Direct Participant acting on behalf of such Beneficial Owner or an Indirect Participant acting on behalf of such Beneficial Owner, shall give notice to the Trustee of its election to have Bonds tendered for purchase, and shall effect delivery of such Bonds by causing the Direct Participant to transfer on DTC's records the Direct Participant's interest in the Bonds to the Trustee. The requirement for physical delivery of Bonds in connection with an optional or mandatory purchase will be deemed satisfied when the ownership rights in such Bonds are transferred by Direct Participants to the account of the Trustee 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 or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

BOND INSURANCE

The following information has been furnished by the Insurer for use in the Official Statement. Concurrently with the issuance of the Bonds, the Insurer will issue an Insurance Policy with respect to the Bonds of each Issue. Each Insurance Policy will operate independently. The Insurance Policies contain identical terms, which are summarized below. Reference is made to Appendix B for a specimen Insurance Policy.

Payment Pursuant to Insurance Policy

The Insurer has made a commitment to issue an Insurance Policy relating to the Bonds of each Issue effective as of the date of issuance of the Bonds. Under the terms of the Insurance Policy, the Insurer will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy). The Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which the Insurer shall have received notice of Nonpayment, as defined in the Insurance Policy, from the Trustee or any Paying Agent under the Indenture. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by the Insurer. As used above, (i) "Due for Payment," when referring to the principal of the Bonds, is when the stated maturity date has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (except upon a mandatory redemption as a result of a Determination of Taxability or certain mandatory redemptions of Unremarketed Bonds held by the Bank, as described above under "The Bonds—Special Mandatory Redemption of Bonds"), acceleration or other advancement of maturity and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached and (ii) "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or any Paying Agent under the Indenture for payment in full of all principal and interest on the Bonds which are Due for Payment.

The Insurance Policy will insure payment only on stated maturity dates or upon a mandatory redemption as a result of a Determination of Taxability or certain mandatory redemptions of Unremarketed Bonds held by the Bank as described above under "The Bonds—Special Mandatory Redemption of Bonds," in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, the Insurer will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee or any Paying Agent under the Indenture has notice that any payment of principal of or interest on a Bond which has become Due for Payment, as defined in the Insurance Policy, and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Insurance Policy. Specifically, the Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption or as a result of any other advancement of maturity (except upon a mandatory redemption as a result of a Determination of Taxability or certain mandatory redemptions of Unremarketed Bonds held by the Bank, as described above under "The Bonds—Special Mandatory Redemption of Bonds");

2. payment of any redemption, prepayment or acceleration premium;

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any; and

4. payments of the purchase price of Bonds upon tender by an owner thereof or any preferential transfer relating to payments of the purchase price of Bonds upon tender by an Owner thereof.

Unless the Bonds are held in book-entry form, if it becomes necessary to call upon the Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of the Insurer

to the extent of the payment under the Insurance Policy. Payment of interest pursuant to the Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to the Insurer. If the Bonds are held in book-entry form, in lieu of surrendering the Bonds to receive payment of principal or interest, the interest of Beneficial Owners shall be transferred on the records of DTC to the Insurance Trustee.

Upon payment of the insurance benefits, the Insurer will become the owner of the Bond, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

The Insurer is subject to replacement in certain events as described under "The Indentures—Modifications and Amendments" and "—Amendment of the Loan Agreements."

The Bond Insurer

The Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, and the Commonwealth of Puerto Rico, with admitted assets of approximately $2,060,000,000 (unaudited) and statutory capital of approximately $1,178,000,000 (unaudited) as of June 30, 1994. Statutory capital consists of the Insurer's policyholders' surplus and statutory contingency reserve. The Insurer is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. S&P, Moody's and Fitch Investors Service, Inc. have each assigned a triple-A claims-paying ability rating to the Insurer.

Copies of the Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Insurer. The address of the Insurer's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

The Insurer has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of the Insurer has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

The Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Insurer will not affect the treatment for federal income tax purposes of interest on such obligations and that insurance proceeds representing maturing interest paid by the Insurer under policy provisions substantially identical to those contained in its municipal bond insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of such obligations.

The Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by the Insurer and presented under the heading "—Bond Insurance."

THE STANDBY BOND PURCHASE AGREEMENTS

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

Purchases of Bonds in the event and to the extent that such Bonds are not remarketed by the Remarketing Agent or redeemed or purchased by the Company will be funded under the Standby Bond Purchase Agreement. References herein to the "Bank" or "Banks" include their respective successors.

The obligation of the Bank to purchase Bonds will expire at the close of business on November 17, 1999, unless extended or earlier terminated as described herein. The terms of the Standby Bond Purchase Agreement will permit the Trustee, in accordance with the terms thereof, to notify the Bank of the aggregate principal amount of the Bonds to be purchased by the Bank up to the aggregate principal amount of the Bonds

of such Issue (this amount will be reduced as Bonds are paid or redeemed as described below) plus accrued interest thereon (up to a maximum of 62 days' interest on the principal sum set forth above) at an assumed annual interest rate of 12% to enable the Trustee to pay the purchase price of Bonds delivered to it for purchase and not remarketed and not redeemed or purchased by the Company.

THE STANDBY BOND PURCHASE AGREEMENT IS TO FUND PURCHASES OF BONDS WHICH ARE TENDERED BUT NOT REMARKETED BY THE REMARKETING AGENT AND DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS AS THE SAME BECOME DUE AND PAYABLE. UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, PURCHASES WILL NOT BE MADE UNDER THE STANDBY BOND PURCHASE AGREEMENT AND, THEREFORE, FUNDS MAY NOT BE AVAILABLE TO PURCHASE TENDERED BONDS. IF A BANK ASSIGNS A PORTION OF ITS COMMITMENT UNDER THE STANDBY BOND PURCHASE AGREEMENT TO ONE OR MORE OTHER BANKS, THE OBLIGATIONS OF THE BANKS (INCLUDING ANY ASSIGNEE BANK) TO PURCHASE BONDS UNDER THE STANDBY BOND PURCHASE AGREEMENT WILL BE SEVERAL AND NOT JOINT. THEREFORE, IF ONE BANK FAILS TO FUND ITS PORTION OF THE COMMITMENT, THE OTHER BANKS PARTY TO THE STANDBY BOND PURCHASE AGREEMENT WILL HAVE NO OBLIGATION WITH RESPECT TO THAT PORTION OF THE COMMITMENT.

Conditions Precedent to Purchases of Bonds Under the Standby Bond Purchase Agreement

The obligation of the Bank to purchase Bonds which are tendered for purchase as described above under "The Bonds—Optional Purchase" and "—Mandatory Purchase" but not resold by the Remarketing Agent under the Standby Bond Purchase Agreement will be subject to satisfaction of each of the following conditions precedent:

(a) The Bank shall have received from the Trustee the notices specified in the Standby Bond Purchase Agreement relating to the aggregate principal amount of unremarketed Bonds, plus accrued interest thereon, to be purchased by the Bank, which amount shall not exceed the amount of the Bank's commitment.

(b) No Event of Termination (as defined below) shall have occurred and be continuing.

(c) The Bank's commitment shall not have been terminated as described below.

The Bank will have no obligation to purchase unremarketed Bonds held by or for the account of the Company, any affiliate of the Company or any broker-dealer holding Bonds pursuant to an arrangement with the Company.

Events of Default

Each of the following "Events of Default" under the Standby Bond Purchase Agreement is referred to in this Official Statement as an "Event of Termination":

(a) The ratings assigned to the Insurer's long-term debt or claims paying ability are withdrawn or are reduced below BBB- (or its equivalent rating) by S&P and are withdrawn or reduced to Baa3 (or its equivalent rating) or below by Moody's; or

(b) A "Bond Insurer Event of Insolvency," as defined in the Standby Bond Purchase Agreement, shall have occurred; or

(c) The Insurer shall fail, wholly or partially, to make a payment of principal or interest to the Trustee as required under the Insurance Policy; or

(d) The Insurer shall claim or assert that the Insurance Policy is invalid or unenforceable against the Insurer or shall repudiate its obligations or deny that it has any further liability under the Insurance Policy or the validity or enforceability of the Insurance Policy shall be contested directly or indirectly by the Insurer or any governmental authority and, in the case of a contest by any governmental authority, the Insurer shall fail to defend or to assert such validity or enforceability; or

(e) Any governmental authority with competent jurisdiction shall announce, find or rule that the Insurance Policy is null and void or otherwise invalid or unenforceable against the Insurer; or

(f) The Insurance Policy is surrendered, cancelled or terminated, or amended or modified in any material respect, without the Bank's prior written consent; or

(g) A court of competent jurisdiction enters a final nonappealable judgment that the Insurance Policy is not valid and binding on or enforceable against the Insurer.

Consequences of Event of Termination

(a) In the case of an Event of Termination as specified in subparagraphs (d) or (e) above under "—Events of Default," the Bank's obligation to purchase unremarketed Bonds under the Standby Bond Purchase Agreement shall be immediately suspended (but not terminated) without notice or demand and thereafter the Bank shall be under no obligation to purchase any unremarketed Bonds until the Bank's commitment under the Standby Bond Purchase Agreement is reinstated as described below. Promptly upon obtaining knowledge of such an Event of Termination, the Agent Bank shall notify the Trustee and the Remarketing Agent of such suspension in writing; provided, however, that the Agent Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Bank's commitment and of its obligation to purchase unremarketed Bonds pursuant to the Standby Bond Purchase Agreement. If a court of competent jurisdiction shall thereafter enter a final, nonappealable judgment that such Insurance Policy is not valid and binding on the Insurer, then the commitment and the obligation of the Bank to purchase unremarketed Bonds shall immediately terminate without notice or demand and thereafter the Bank shall be under no obligation to purchase Bonds. If a court with jurisdiction to rule on the validity of the Insurance Policy shall find or rule that such Insurance Policy is valid and binding on the Insurer, then the commitment and the obligations of the Bank under the Standby Bond Purchase Agreement shall thereupon be reinstated (unless the commitment period shall otherwise have expired or the commitment shall otherwise have been terminated as provided in the Standby Bond Purchase Agreement). Notwithstanding the foregoing, if three years after the effective date of suspension of the Bank's obligations, the Standby Bond Purchase Agreement has not been terminated and litigation is still pending and a judgment regarding the validity of the Insurance Policy has not been obtained, then the commitment and the obligation of the Bank to purchase unremarketed Bonds shall at such time terminate without notice or demand and thereafter, the Bank shall be under no obligation to purchase unremarketed Bonds.

(b) In the event of the commencement of an involuntary case or other proceeding against the Insurer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, the obligation of the Bank to purchase unremarketed Bonds shall immediately be suspended without notice or demand and shall be terminated if such proceeding remains undismissed for a period of 60 days; provided, however, that if such an event shall have occurred and is continuing on a date that would otherwise be the stated expiration date of the Standby Bond Purchase Agreement, the stated expiration date shall be extended to the date which is 20 days following the date on which such event is cured or waived by the Bank and the Agent Bank shall provide the Trustee with at least 15 days prior notice of the date to which the stated expiration date is so extended. If such proceeding is dismissed or stayed within such 60-day period, the Bank's commitment shall be reinstated.

(c) In the case of an Event of Termination as specified in subparagraph (a) above under "—Events of Default," the Bank's obligation to purchase unremarketed Bonds under the Standby Bond Purchase Agreement shall be immediately suspended (but not terminated) without notice or demand and the commitment of the Bank shall terminate 30 days thereafter if such Event of Termination shall then be continuing.

(d) In the case of any Event of Termination as specified in subparagraphs (b), (c), (f) and (g) above under "—Events of Default," the commitment and the obligation of the Bank to purchase unremarketed Bonds shall immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to purchase unremarketed Bonds. Promptly upon any such Event of Termination, the Bank shall give written notice of the same to the Trustee; provided, however, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Bank's commitment and of its obligation to purchase unremarketed Bonds pursuant to the Standby Bond Purchase Agreement.

In the event that the commitment of the Bank (or the Obligor on an Alternate Liquidity Facility, as the case may be) to provide moneys to pay the purchase price of the Bonds is suspended, the Trustee shall on the day that any such suspension is lifted, take the action specified in the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) to make moneys available to pay the purchase price of the Bonds that were tendered for purchase and were not purchased during such period of suspension.

Extension, Reduction or Termination of the Standby Bond Purchase Agreement; Alternate Liquidity Facility

The obligation of the Bank to purchase Bonds under the Standby Bond Purchase Agreement shall expire at 5:00 p.m. (New York time) on the commitment termination date, which is the earliest to occur of (i) November 17, 1999, unless extended for one-year periods as provided in the Standby Bond Purchase Agreement, (ii) the date on which the Bonds are no longer outstanding under the Indenture, (iii) the date on which an Alternate Liquidity Facility or Substitute Standby Bond Purchase Agreement is substituted for the Standby Bond Purchase Agreement, or (iv) the date on which the Bank's commitment to purchase Bonds is terminated due to the occurrence of certain Events of Termination, as described above under "—Consequences of Event of Termination."

Upon written request of the Company to the Bank not less than 45 nor more than 120 days prior to November 17, 1995 (and not less than 45 nor more than 120 days prior to each yearly anniversary of such date thereafter), the Bank shall, within 45 days of such request, notify the Company whether it will extend the scheduled expiration date of the Standby Bond Purchase Agreement for a period of one year. If the Bank fails to notify the Company of its decision within such 45-day period, the Bank shall be deemed to have rejected such request.

Upon any redemption, repayment or other payment of all or any portion of the principal amount of the Bonds, the aggregate available principal commitment under the Standby Bond Purchase Agreement may be reduced, upon written notice to the Bank by the Trustee, by the principal amount of the Bonds so redeemed, repaid or otherwise paid, as the case may be. The available commitment shall automatically terminate on the date on which an Alternate Liquidity Facility for the Bonds has become effective pursuant to the Indenture.

At any time (with not less than 20 days prior written notice received by the Trustee with copies of such notice given to the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, and the Remarketing Agent) the Company may, at its option, (i) provide for the delivery to the Trustee on any Business Day of an Alternate Liquidity Facility (including without limitation a line of credit of a commercial bank or a liquidity facility from a financial institution, or a combination thereof) to replace the Standby Bond Purchase Agreement or the Alternate Liquidity Facility then in effect with respect to the Bonds, as the case may be, or (ii) terminate the Standby Bond Purchase Agreement or any Alternate Liquidity Facility then in effect. An Alternate Liquidity Facility may have an expiration date earlier than the maturity of the Bonds. The Company must furnish to the Trustee on or before the date of delivery of the Alternate Liquidity Facility or before the effective date of the termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect (i) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility or the termination of the Standby Bond Purchase Agreement or the Alternate Liquidity Facility then in effect complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds, and (ii) either (A) 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 Liquidity Facility or the proposed termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, and that the delivery of the proposed Alternate Liquidity Facility or the proposed termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's short-term rating or ratings of the Bonds or (B) written evidence from the Insurer to the effect that the Insurer has reviewed the proposed Alternate Liquidity Facility or the proposed termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, and finds the same to be acceptable to the Insurer. An assignment by a Bank of its commitment or any portion thereof under a Standby Bond Purchase Agreement to a bank or other institution that is not at the time already a Bank thereunder will be treated as the delivery of an Alternate Liquidity Facility.

No Alternate Liquidity Facility or Substitute Standby Bond Purchase Agreement may be provided which (a) so long as the Bonds bear interest at a Daily Interest Rate or a Weekly Interest Rate, reduces the number of days of interest coverage to a period shorter than 35 days or (b) so long as the Bonds bear interest at a Term Interest Rate, reduces the number of days of interest coverage to a period less than such minimum period as may be approved by each rating agency then maintaining a rating on the Bonds.

In the event that the Company provides for the delivery on any Business Day to the Trustee with respect to any Issue of Bonds of an Alternate Liquidity Facility or for termination of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect where the above-described evidence from Moody's or S&P's is not received, the Bonds are subject to mandatory purchase unless the obligation of the Bank or the Obligor on an Alternate Liquidity Facility then in effect, as the case may be, to purchase such Bonds is terminated or suspended, as more fully described herein under the caption "The Bonds—Mandatory Purchase."

Substitute Standby Bond Purchase Agreement

The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Liquidity Facility, as the case may be, at any time provide for the delivery to the Trustee with respect to any Issue of Bonds of a Substitute Standby Bond Purchase Agreement or an extension of the Standby Bond Purchase Agreement or Alternate Liquidity Facility then in effect, as the case may be, for any period commencing after its then-current expiration date. Any Substitute Standby Bond Purchase Agreement must be issued by the same Bank or Banks which are parties to the Standby Bond Purchase Agreement in effect at the time of such substitution and must be identical as to terms and conditions to the Standby Bond Purchase Agreement being replaced, except that it may contain a later expiration date, provide for an increase or decrease in the interest rate or the number of days of interest coverage or any combination of the foregoing.

THE LOAN AGREEMENTS

Each Loan Agreement will operate independently. A default under one Loan Agreement will not necessarily constitute a default under the other Loan Agreements. The Loan Agreements contain substantially identical terms, and the following is a summary of certain provisions common to the Loan Agreements. All references in this summary to the Issuer, the Bank, the Loan Agreement and payments thereunder, the Indenture, the Standby Bond Purchase Agreement, the Bonds, the Prior Bonds, the Insurance Policy, the Facilities and other documents and parties shall be deemed to refer to the Issuer, the Bank or Banks, the Loan Agreement and such payments, the Indenture, the Standby Bond Purchase Agreement, the Bonds, the Prior Bonds, the Insurance Policy, the Facilities and such other documents and parties, respectively, relating to each Issue of the Bonds.

Issuance of the Bonds; Loan of Proceeds

The Issuer is issuing the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to finance or refinance, as the case may be, a portion of the Company's share of the costs of acquiring and improving the Facilities. The proceeds of the sale of the Bonds will be deposited with the trustee for the Prior Bonds and invested in permitted investments pursuant to the Utah Act, the Wyoming Act or the Colorado Act, as the case may be, to provide for the payment of the principal of the Prior Bonds upon the redemption thereof.

Loan Payments; The First Mortgage Bonds

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

Because such payments are not due until the stated interest and principal payment dates on the Bonds, in the event that the Company ever fails to make timely payments to the Trustee under the Loan Agreement, the Trustee would be unable to give notice of such failure to the Insurer until the stated payment date on the Bonds. Under such circumstances, the Insurer would not be required under the terms of the Insurance Policy to make payments to the Owners of the Bonds in respect of the principal of or interest on the Bonds until the next business day succeeding the stated payment date on the Bonds. See "Bond Insurance" above.

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

Pursuant to the Loan Agreement, the Company may provide for the release of its First Mortgage Bonds by delivering to the Trustee collateral in substitution for the First Mortgage Bonds ("Substitute Collateral"), but only if the Company shall, on the date of delivery of such Substitute Collateral, simultaneously deliver to the Trustee (a) an opinion of Bond Counsel stating that delivery of such Substitute Collateral and release of the

First Mortgage Bonds complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds; (b) written evidence from the Insurer and from each Bank to the effect that they have reviewed the proposed Substitute Collateral and find it to be acceptable; and (c) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the Substitute Collateral and that the release of the First Mortgage Bonds and the substitution of the Substitute Collateral for the First Mortgage Bonds will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's rating or ratings of the Bonds.

Payments of Purchase Price

The Company will pay or cause to be paid to the Trustee amounts equal to the amounts to be paid by the Trustee pursuant to the Indenture for the purchase of outstanding Bonds thereunder (see "The Bonds—Optional Purchase" and "—Mandatory Purchase"), such amounts to be paid to the Trustee as the purchase price for the Bonds tendered for purchase pursuant to the Indenture, on the dates such payments are to be made; provided, however, that the obligation of the Company to make any such payment under the Loan Agreement shall be reduced by the amount of any moneys held by the Trustee under the Indenture and available for such payment; provided further that the obligation of the Company to make any such payment under the Loan Agreement shall be deemed to be satisfied and discharged to the extent of the corresponding payment made by the Bank to the Trustee under the Standby Bond Purchase Agreement or by the Obligor on an Alternate Liquidity Facility to the Trustee under an Alternate Liquidity Facility.

Except as otherwise permitted under the Loan Agreement, as described above under "The Standby Bond Purchase Agreements—Extension, Reduction or Termination of the Standby Bond Purchase Agreement; Alternate Liquidity Facility," the Company will provide for the payment of the amounts to be paid by the Trustee for the purchase of Bonds by providing for the delivery of the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) to the Trustee. The Trustee has been directed to take such actions as may be necessary under the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be), in accordance with the provisions of the Indenture and the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be), to obtain the moneys necessary to pay the purchase price of Bonds when due.

Obligation Absolute

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

Expenses

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

Tax Covenants; Tax-Exempt Status of Bonds

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

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

Other Covenants of the Company

Maintenance of Existence; Conditions Under Which Exceptions Permitted. The Company shall maintain in good standing its corporate existence as a corporation organized under the laws of one of the states of the United States or the District of Columbia and will remain duly qualified to do business in the State of the Issuer will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or

merge into another corporation; provided, however, that the Company may, without violating the foregoing, undertake from time to time any one or more of the following:(a) consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia), or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the resulting, surviving or transferee corporation, as the case may be, shall be the Company or a corporation qualified to do business in the State of the Issuer as a foreign corporation or incorporated and existing under the laws of the State of the Issuer, which as a result of the transaction shall have assumed (either by operation of law or in writing) all of the obligations of the Company under the Loan Agreement, the First Mortgage Bonds and the Standby Bond Purchase Agreement or any Alternate Liquidity Facility, as the case may be; 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 Loan 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 Loan Agreement, the First Mortgage Bonds and the Standby Bond Purchase Agreement or any Alternate Liquidity Facility, as the case may be.

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

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

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

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

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

Defaults

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

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

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

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

Remedies

Upon the occurrence and continuance of any Event of Default described in (a) or (c) in the second preceding paragraph, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the Loan Payments shall, without further action, become and be immediately due and payable. Any waiver of any Event of Default under the Indenture and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof. See "The Indentures—Defaults."

Upon the occurrence and continuance of any Event of Default arising from a "Default" as such term is defined in the Company Mortgage, the Trustee, as holder of the First Mortgage Bonds, will, subject to the provisions of the Indenture, have the rights provided in the Company Mortgage. Any waiver made in accordance with the Indenture of a "Default" under the Company Mortgage and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof.

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

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

Amendments

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

THE INDENTURES

Each Indenture will operate independently. A default under one Indenture will not necessarily constitute a default under the other Indentures. The Indentures contain substantially identical terms, and the following is a summary of certain provisions common to the Indentures. All references in this summary to the Issuer, the Bank, the Loan Agreement and payments thereunder, the Indenture, the Bonds, the Bond Fund, the Standby Bond Purchase Agreement, the Insurance Policy and other documents and parties are to the Issuer, the Bank or Banks, the Loan Agreement and such payments, the Indenture, the Bonds, the Bond Fund, the Standby Bond Purchase Agreement, the Insurance Policy and such other documents and parties, respectively, relating to each Issue of Bonds.

Pledge and Security

Pursuant to the Indenture, the Loan Payments 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 (other than the Issuer's rights to indemnification and reimbursement of expenses, and certain other rights),

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

Application of Proceeds of the Bond Fund

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

Investment of Funds

Subject to the provisions of the Tax Certificate, moneys in the Bond Fund will, at the direction of the Company, be invested in securities or obligations specified in the Indenture. Gains from such investments will be credited, and any loss will be charged, to the particular fund or account from which the investments were made. During the term of the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) moneys received under the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) shall be held uninvested.

Defaults

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

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

(b) a failure to pay an installment of interest on any of the Bonds for a period of one day after such interest has become due and payable;

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

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

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

(f) a "Default" under the Company Mortgage.

Remedies

Upon the occurrence (without waiver or cure) of an Event of Default described in clause (a), (b), (c) or (f) of the preceding paragraph or an Event of Default described in clause (e) of the preceding paragraph resulting from an "Event of Default" under the Loan Agreement as described under clause (a) or (c) of "The Loan Agreements—Defaults" herein, and further upon the conditions that, if (1) in accordance with the terms of the Company Mortgage, the First Mortgage Bonds shall have become immediately due and payable pursuant to any provision of the Company Mortgage and (2) there shall have been filed with the Trustee a written direction of the Insurer (unless an Insurer Default shall have occurred and be continuing), then the Bonds shall, without further action, become immediately due and payable; provided that any waiver of any "Default" under the Company Mortgage and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Indenture and rescission and annulment of the consequences thereof.

The provisions described in the preceding paragraph are subject to the condition that if, 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; provided, however, that to the extent that the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) was in effect immediately prior to the Event of Default, there shall be no waiver, rescission or annulment until the commitment of the Bank or the Obligor on an Alternate Liquidity Facility, as the case may be, to provide moneys in accordance with the Standby Bond Purchase Agreement (or the Alternate Liquidity Facility, as the case may be) to purchase Bonds shall have been fully reinstated; and provided further that no such waiver, rescission and annulment shall extend to or affect any other Event of Default or subsequent Event of Default or impair any right, power or remedy consequent thereon.

Upon the occurrence and continuance of any Event of Default under the Indenture, the Trustee may, with the consent of the Insurer (unless an Insurer Default has occurred and is continuing), and upon the written direction of the Owners of not less than 25% in principal amount of the Bonds outstanding and receipt of indemnity to its satisfaction (except against gross negligence or willful misconduct) shall, pursue any available remedy to enforce the rights of the Owners of the Bonds and require the Company, the Issuer, the Insurer or the Bank (or the Obligor on an Alternate Liquidity Facility, as the case may be) to carry out any 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. So long as an Insurer Default shall not have occurred and be continuing, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture. The Trustee is not required to take any action in respect of an Event of Default (other than, in certain circumstances, to declare the Bonds to be immediately due and payable, to notify the Insurer of payments to be made pursuant to the Insurance Policy, to make certain payments with respect to the Bonds and to draw on the Standby Bond Purchase Agreement (or Alternate Liquidity Facility, as the case may be)) or to enforce the trusts created by the Indenture except upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it.

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

No Owner of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power of the Trustee unless such Owner has previously given the Trustee written notice of an Event of Default and unless the Owners of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity

(except against gross negligence or willful misconduct) has been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

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

Defeasance

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

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

(b) there shall have been deposited with the Trustee moneys which constitute Available Moneys or moneys provided under the Standby Bond Purchase Agreement or an Alternate Liquidity Facility to pay the purchase price of the Bonds;

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

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

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

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

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

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

The provisions of the Indenture relating to (i) the registration and exchange of Bonds, (ii) the delivery of Bonds to the Trustee for purchase and the related obligations of the Trustee with respect thereto, (iii) the mandatory purchase of the Bonds in connection with the stated expiration, substitution or termination of the

Standby Bond Purchase Agreement or an Alternate Liquidity Facility, as the case may be, and (iv) payment of the Bonds from such moneys, shall remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid; provided, further, that the provisions with respect to registration and exchange of Bonds shall continue to be effective until the maturity or the last date fixed for redemption of all Bonds.

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

Any Bond shall be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or acceleration or upon redemption as provided in the Indenture) either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys to make such payment; provided, however, that if such payment is to be made upon optional redemption, such payment shall be made from Available Moneys or from Government Obligations purchased with Available Moneys; (b) all necessary and proper fees, compensation and expenses of the Issuer, the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee; and (c) an Accountant's Opinion, to the effect that such moneys and/or Government Obligations will insure, without reinvestment, the availability of sufficient moneys to make such payment, and a Bond 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 herein under the captions "The Bonds—Optional Purchase" and "—Mandatory Purchase" and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond. 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 said Bonds are not to be redeemed within the next succeeding 60 days, until the Company shall have given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with the Indenture, that the deposit required by clause (a) (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

Removal of Trustee

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

Modifications and Amendments

The Indenture may be modified or amended by the Issuer and the Trustee by supplemental indentures without the consent of the Owners of the Bonds for any of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture; (b) to add to the covenants and agreements of the Issuer contained in the Indenture or of the Company, the Insurer or the Bank (or the Obligor on an Alternate Liquidity Facility, as the case may be) or the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or

power reserved or conferred upon the Issuer or the Company which shall not materially adversely affect the interests of Owners of the Bonds; (c) to confirm, as further assurance, any pledge of or lien on any property subjected or to be subjected to the lien of the Indenture; (d) to comply with the requirements of the Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; provided, however, that any such modification, alteration, amendment or supplement shall not take effect until the Insurer (unless an Insurer Default has occurred and is continuing) and the Agent Bank or the Agent Obligor on an Alternate Liquidity Facility, as the case may be, shall have consented in writing to such modification, alteration, amendment or supplement; (f) to implement a conversion of the interest rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under the Indenture of an Alternate Liquidity Facility or a Substitute Standby Bond Purchase Agreement; (g) to provide for a depository to accept tendered Bonds in lieu of the Trustee; (h) to modify or eliminate the book-entry registration system for any of the Bonds; (i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds; (j) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category (as defined in the Indenture) and also in either of the two highest long-term debt Rating Categories; (k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies; (l) to provide for any Substitute Collateral and the release of any First Mortgage Bonds; (m) to provide for the appointment of a successor Trustee, Registrar or Paying Agent; (n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds; (p) to modify, alter, amend or supplement the Indenture in any other respect (which in the judgment of the Trustee is not materially adverse to the Owners), if the effective date of such supplemental indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (q) to provide for the replacement of the Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of the Insurer provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

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

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

Except for supplemental indentures entered into for the purposes described in the second preceding paragraph, the Indenture will not be modified, altered, amended supplemented or rescinded without the consent of the Insurer (unless an Insurer Default has occurred and is continuing), together with 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 Insurer (unless an Insurer Default has occurred and is continuing), and the Owners of all the Bonds then affected thereby, there will not be permitted (a) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on any Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price thereof or the rate of interest thereon, (b) the creation of a claim or lien on or a pledge of the receipts and revenues of the Issuer under the Loan Agreement ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (c) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required to approve any such supplemental indenture or which is required to approve any amendment to the Loan Agreement. No such amendment of the Indenture shall be effective without the prior written consent of the Company and the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be).

Amendment of the Loan Agreements

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

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

The Issuer and the Trustee will not consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be), the Insurer (unless an Insurer Default has occurred and is continuing) and the Owners of not less than 60% in aggregate principal amount of the Bonds at the time outstanding; provided, however, that, unless approved in writing by the Owners of all Bonds affected thereby, nothing in the Indenture 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 Loan Agreement will become effective without the prior written consent of the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be), the Insurer (unless an Insurer Default has occurred and is continuing) and the Company.

Before the Issuer shall enter into, and the Trustee shall consent to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, there shall have been delivered to the Issuer, the Agent Bank (or the Agent Obligor on an Alternate Liquidity Facility, as the case may be), the Insurer and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the

Indenture and the Utah Act, the Wyoming Act or the Colorado Act, as applicable, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

THE FIRST MORTGAGE BONDS

Pursuant to the provisions of the Indentures and six separate Pledge Agreements each dated as of November 1, 1994 between the Company and the Trustee (individually, a "Pledge Agreement" and, collectively, the "Pledge Agreements"), the First Mortgage Bonds will be issued by the Company to secure its obligations under the Loan Agreement relating to each of the six Issues of Bonds. The following summary of certain provisions of the First Mortgage Bonds and the Company Mortgage and Class "A" Mortgages and Class "A" Bonds referred to below does not purport to be complete and is qualified in its entirety by reference thereto and includes terms defined in such Mortgages. All references in this summary to the Trustee, the Bonds, the Indenture, the Loan Agreement and the Pledge Agreement shall be deemed to refer to the Trustee, the Bonds, the Indenture, the Loan Agreement, the Pledge Agreement and such other documents and parties, respectively, relating to each Issue of the Bonds.

General

The First Mortgage Bonds will be issued in the same principal amount and will mature on the same date as the Bonds. In addition, the First Mortgage Bonds will be subject to redemption prior to maturity upon the same terms as the Bonds, so that upon any redemption of the Bonds, an equal aggregate principal amount of First Mortgage Bonds will be redeemed. The First Mortgage Bonds will bear interest at the same rate, and be payable at the same times, as the Bonds. See "The Bonds—Special Mandatory Redemption of Bonds" above.

First mortgage and collateral trust bonds issued under the Company Mortgage ("Company Mortgage Bonds") are secured by first mortgage bonds (which do not bear interest) issued under the Mortgages and Deeds of Trust, as supplemented, of Pacific Power & Light Company (the "Pacific Mortgage") and Utah Power & Light Company (the "Utah Mortgage") (collectively, the "Class 'A' Mortgages") and deposited with the Company Mortgage Trustee, and/or by a first mortgage lien of the Company Mortgage (the "Lien") on certain property not subject to the Class "A" Mortgages. First lien property not subject to the Class "A" Mortgages could include electric utility property acquired by the Company of the type described below that is not a renewal, replacement or extension of or an addition to the existing Pacific Power or Utah Power system. Company Mortgage Bonds issued under the Company Mortgage are equally secured and pari passu.

The Company assumed the Pacific and Utah Mortgages as the surviving corporation in its 1989 merger with PacifiCorp, a Maine corporation, and Utah Power & Light Company, a Utah corporation. The first mortgage bonds issued under these Class "A" Mortgages ("Class 'A' Bonds") are secured by a first mortgage lien on certain properties owned by the particular company prior to the merger and on improvements, extensions and additions to, and renewals and replacements of, such properties.

The Company will receive a credit against its obligations to make any payment of principal of or premium, if any, or interest on the First Mortgage Bonds and such obligations will be deemed fully or partially, as the case may be, satisfied and discharged, in an amount equal to the amount, if any, paid by the Company under the Loan Agreement, or otherwise satisfied or discharged, in respect of the principal of or premium, if any, or interest on the Bonds; provided, however, that the Company shall receive no such credit for any payment with respect to any Bond made by the Insurer. The obligations of the Company to make such payments with respect to the First Mortgage Bonds will be deemed to have been reduced by the amount of such credit.

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

Security

The First Mortgage Bonds and any other Company Mortgage Bonds now or hereafter outstanding under the Company Mortgage are or will be, as the case may be, secured by the Class "A" Bonds (which need not bear interest) held by the Company Mortgage Trustee and/or by a first mortgage Lien of the Company Mortgage on certain property of the Company. Presently, most of the Company's property, while subject to the Lien of the Company Mortgage, is subject to the respective first Liens of the Class "A" Mortgages. The First Mortgage Bonds will have the benefit of first mortgage Liens of the Class "A" Mortgages on such

property to the extent of the aggregate principal amount thereof issued on the basis of Class "A" Bonds held by the Company Mortgage Trustee.

The Lien of the Company Mortgage and Liens of the Class "A" Mortgages are subject to Excepted Encumbrances, including tax and construction liens, purchase money liens and certain other exceptions.

There are excepted from the Lien of the Company Mortgage all cash and securities (except those specifically deposited); equipment, materials or supplies held for sale or other disposition; any fuel and similar consumable materials and supplies; automobiles, other vehicles, aircraft and vessels; timber, minerals, mineral rights and royalties; receivables, contracts, leases and operating agreements; electric energy, gas, water, steam, ice and other products for sale, distribution or other use; natural gas wells; gas transportation lines or other property used in the sale of natural gas to customers or to a natural gas distribution or pipeline company, up to the point of connection with any distribution system; the Company's interest in the Wyodak Facility; and all properties that have been released from the Pacific Mortgage or the Utah Mortgage and that PacifiCorp, a Maine corporation, or Utah Power & Light Company, a Utah corporation, contracted to dispose of, but title to which had not passed, at the date of the Company Mortgage. The Class "A" Mortgages have similar, but not identical, exceptions. The Company has reserved the right, without any consent or other action by holders of Company Mortgage Bonds created since March 15, 1993, including the First Mortgage Bonds, to amend the Company Mortgage in order to except from the Lien of the Company Mortgage allowances allocated to steam-electric generating plants owned by the Company, or in which the Company has interests, pursuant to Title IV of the Clean Air Act Amendments of 1990.

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

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

Property subject to the Lien of the Company Mortgage may be released upon the basis of: (i) the release of such property from the Lien of a Class "A" Mortgage; (ii) the deposit of cash or, to a limited extent, purchase money mortgages; (iii) Property Additions, after making adjustments for certain prior lien bonds outstanding against Property Additions; and/or (iv) waiver of the right to issue Company Mortgage Bonds. Cash may be withdrawn upon the bases stated in (i), (iii) and (iv) above. Property that does not constitute Funded Property may be released without funding other property. Similar provisions are in effect as to cash proceeds of such property. The Company Mortgage contains special provisions with respect to certain prior lien bonds deposited and disposition of moneys received on deposited prior lien bonds. Property may be released from the Class "A" Mortgages on similar but not identical bases.

Dividend Restriction

The Company may not declare or pay dividends (other than dividends payable solely in shares of its common stock) on any shares of its common stock if, after giving effect to such declaration or payment, the Company would not be able to pay its debts as they become due in the usual course of business. The Pacific and Utah Mortgages contain provisions restricting payment of cash dividends and other distributions on common stock. The amount restricted is subject to being increased or decreased on the basis of various factors. At September 30, 1994, approximately $431,000,000 was available for these purposes. For additional restrictions on the payment of dividends, see "Appendix A—PacifiCorp—Incorporation of Certain Documents by Reference" below.

Issuance of Additional Company Mortgage Bonds and Withdrawal of Cash Deposited Against Such Issuance

The principal amount of Company Mortgage Bonds which may be issued under the Company Mortgage is not limited, subject to the provisions of the Company Mortgage. Company Mortgage Bonds may be issued from time to time on the basis of (i) Class "A" Bonds (which need not bear interest) delivered to the Company Mortgage Trustee; (ii) 70% of qualified Property Additions after adjustments to offset retirements; (iii) retirement of Company Mortgage Bonds or certain prior lien bonds; and/or (iv) deposits of cash. With certain exceptions in the case of (i) and (iii) above, the issuance of Company Mortgage Bonds is subject to Adjusted Net Earnings of the Company for 12 consecutive months out of the preceding 15 months, before

income taxes, being at least twice the Annual Interest Requirements on all Company Mortgage Bonds at the time outstanding, including the additional issue of First Mortgage Bonds, all outstanding Class "A" Bonds held other than by the Company Mortgage Trustee or by the Company, and all other indebtedness secured by a lien prior to the Lien of the Company Mortgage. In general, interest on variable interest bonds, if any, is calculated using the rate then in effect.

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

Additional Class "A" Bonds may only be issued as the basis of the issuance of additional Company Mortgage Bonds. Class "A" Bonds may be issued under the Pacific Mortgage or the Utah Mortgage on the basis of (i) 60% of qualified Property Additions after adjustments to offset retirements; (ii) retirement of Class "A" Bonds or certain prior lien bonds; and/or (iii) deposits of cash with the particular Class "A" Mortgage trustee. The issuance of Class "A" Bonds is subject to earnings tests which in application are less restrictive than the Adjusted Net Earnings test under the Company Mortgage.

Property Additions under Class "A" Mortgages are similar, but not identical, to Property Additions under the Company Mortgage.

The Class "A" Mortgages currently have maintenance funds and sinking and improvement funds applicable to certain series of bonds outstanding thereunder, none of which would permit the redemption of any of the Company Mortgage Bonds. As these funds cease to be in effect, any Property Additions previously used to satisfy their requirements would become available to issue Class "A" Bonds.

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

Modification

The rights of the holders of the Company Mortgage Bonds may be modified with the consent of the holders of at least 60% of the Company Mortgage Bonds, including the consent of the holders of at least 60% of the Company Mortgage Bonds adversely affected. In general, no modification of the terms of payment of principal, premiums if any, or interest and no modification affecting the Lien or reducing the percentage of Company Mortgage Bonds required for modification is effective against any bondholder without the consent of such holder.

The rights of the holders of present Class "A" Bonds may be modified with the consent of the holders of 70% of the Class "A" Bonds under the applicable Class "A" Mortgage and, if less than all series of Class "A" Bonds are adversely affected, the consent also of the holders of 70% of the Class "A" Bonds of each series so affected. The foregoing percentages may be reduced to 66 2/3% (in the case of the Pacific Mortgage) or 60% (in the case of the Utah Mortgage) in the future without the consent of the Company Mortgage Trustee as holder of Class "A" Bonds. In general, no modification of the terms of payment of principal, premium, if any, or interest, no modification affecting the Lien or reducing the percentage required for modification and no modification of certain other covenants is effective against any holder of Class "A" Bonds without the consent of such holder.

The Company Mortgage Trustee is, unless there is a Default under the Company Mortgage, generally required to vote Class "A" Bonds held by it with respect to any amendment of the applicable Class "A" Mortgage proportionately with the vote of the holders of all Class "A" Bonds then actually voting, except that the Company Mortgage Trustee must vote in favor of certain amendments to the Pacific Mortgage and the Utah Mortgage as specified in Exhibits X and Y to the Company Mortgage.

The Company Mortgage Trustee

Chemical Bank, a New York corporation acts as lender and agent under loan agreements with the Company and affiliates of the Company, and serves as trustee under indentures and other agreements involving the Company and its affiliates. Chemical Bank is also the trustee under the Pacific and Utah Mortgages.

Defaults and Notices

Defaults are defined in the Company Mortgage as: (i) default in payment of principal; (ii) default for 60 days in payment of interest or an installment of any fund required to be applied to the purchase or redemption

of any Company Mortgage Bonds; (iii) default in payment of principal or interest with respect to certain prior lien bonds; (iv) certain events in bankruptcy, insolvency or reorganization; (v) default in other covenants for 90 days after notice; and (vi) the existence of any "Default" as defined under the Pacific Mortgage or the Utah Mortgage or any default under another Class "A" Mortgage which permits the declaration of the principal of all of the bonds secured by such Class "A" Mortgage and the interest accrued thereupon due and payable. An effective default under any Class "A" Mortgage or under the Company Mortgage will result in an effective default under all such mortgages. The Company Mortgage Trustee may withhold notice of default (except in payment of principal, interest or funds for retirement of Company Mortgage Bonds) if it determines that it is not detrimental to the interests of the bondholders.

"Defaults" under the Pacific Mortgage and Utah Mortgage are similar, but not identical, to Defaults under the Company Mortgage. The trustee under a Class "A" Mortgage may withhold notice of default (except in payment of principal, interest or funds for retirement of Class "A" Bonds) if it determines that it is in the interest of the holders of Class "A" Bonds issued under such Class "A" Mortgage.

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

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

Voting of the First Mortgage Bonds

The Trustee, as holder of the First Mortgage Bonds, shall vote or consent proportionately with what officials of or inspectors of votes at any meeting of bondholders under the Company Mortgage, or the Company Mortgage Trustee in the case of consents without such a meeting, reasonably believe will be the vote or consent of the holders of all other outstanding Company Mortgage Bonds; provided, however, that the Trustee shall not vote in favor of, or consent to, any modification of the Company Mortgage which, if it were a modification of the Indenture, would require approval of the Owners of Bonds and the Insurer (unless an Insurer Default has occurred and is continuing, in which event the consent of the Bank, or the Obligor on an Alternate Liquidity Facility, as the case may be, shall be required).

LITIGATION

There is no pending or, to the knowledge of each Issuer, threatened litigation against such Issuer that in any way questions or materially affects the Bonds of such Issuer, the validity or enforceability of the Loan Agreements or the Indentures to which such Issuer is a party or any proceedings or transaction relating to the issuance, sale or delivery of the Bonds or that may materially adversely affect the redemption of the related Prior Bonds.

UNDERWRITING

Pursuant to and subject to the conditions set forth in a separate Bond Purchase Agreement with respect to each Issue of Bonds, Goldman, Sachs & Co., as Underwriter with respect to the Emery Bonds, J.P. Morgan Securities Inc., as Underwriter with respect to the Sweetwater Bonds, the Lincoln Bonds and the Converse Bonds and Morgan Stanley & Co. Incorporated, as Underwriter with respect to the Carbon Bonds and the Moffat Bonds, have agreed to purchase the Bonds of such Issue from the Issuer thereof at a purchase price of 100% of the principal amount thereof. Each Underwriter is committed to purchase all of the Bonds of an Issue if any are purchased. The Company has agreed to pay the Underwriters an aggregate fee of $757,645 in connection with such purchases, to reimburse the Underwriters for their reasonable expenses in connection with such purchases and to indemnify the Underwriters against certain liabilities, including liabilities under the federal securities laws. The Underwriters may offer and sell the Bonds to certain dealers and others at prices

lower than the initial offering price stated on the cover page hereof. After the initial public offering, the public offering prices may be changed from time to time by the Underwriters.

In the ordinary course of their respective businesses, each of the Underwriters have engaged, and will in the future engage, in commercial and investment banking activities with the Company and certain of its affiliates.

TAX EXEMPTION

The Code and the 1954 Code contain a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Company and each Issuer have covenanted to comply with all requirements of the Code and the 1954 Code that must be satisfied in order for the interest on the Bonds to be excludable from gross income. Failure by the Company or an Issuer to comply with certain of such requirements could cause interest on all of the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

Subject to the condition that the Company and each Issuer comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds will not be includible in the gross income of the Owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of any of the Facilities or any person considered to be related to such person (within the meaning of Section 103(b) (13) of the 1954 Code). The interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Such interest will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

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

In rendering its opinion, Bond Counsel will rely upon certifications of the Company with respect to certain material facts solely within the Company's knowledge relating to the Facilities and the application of the proceeds of the Bonds, the Prior Bonds, the Emery May 1984 Bonds and the Sweetwater 1973 Bonds.

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

In the opinion of Bond Counsel, under the laws of the State of Utah, as presently enacted and construed, interest on the Emery Bonds and Carbon Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes (including the Utah corporate franchise tax and the corporate net income tax) imposed by the State of Utah or any political subdivision thereof. Ownership of the Emery Bonds and Carbon Bonds may result in other Utah tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Emery Bonds or Carbon Bonds.

In the opinion of Bond Counsel, under present Wyoming law, the State of Wyoming imposes no income taxes which would be applicable to the Lincoln Bonds, the Sweetwater Bonds or the Converse Bonds. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Lincoln Bonds, the Sweetwater Bonds or the Converse Bonds may result in other Wyoming tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Lincoln Bonds, the Sweetwater Bonds or the Converse Bonds.

Under the laws of the State of Colorado, as presently enacted and construed, so long as interest on the Moffat Bonds is not included in gross income for federal income tax purposes, interest on the Moffat Bonds is not included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, upon individuals, corporations, and estates and trusts. No opinion is expressed regarding taxation of interest on the Moffat Bonds under any other provisions of Colorado law. Ownership of the Moffat Bonds may result in other Colorado tax consequences to certain taxpayers and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Moffat Bonds.

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

CERTAIN LEGAL MATTERS

The validity of the Bonds will be passed upon by Chapman and Cutler, Bond Counsel, and each Underwriter's obligation to purchase any issue of the Bonds is subject to the issuance of Bond Counsel's opinion with respect thereto. Certain legal matters will be passed upon for the Company by Stoel Rives Boley Jones & Grey, as counsel for the Company and for the Underwriters by Chapman and Cutler. Certain legal matters will be passed upon for Carbon County, Utah by Gene Strate, County Attorney, for Converse County, Wyoming by Thomas A. Burley, County Attorney, for Emery County, Utah by David A. Blackwell, County Attorney and by Ray, Quinney & Nebeker, as Special Counsel for Emery County, for Lincoln County, Wyoming by Joseph B. Bluemel, County Attorney, for Moffat County, Colorado by Thomas Thornberry, County Attorney, and for Sweetwater County, Wyoming, by Sue Kearns, County and Prosecuting Attorney and G.R. Stewart, Civil Deputy County and Prosecuting Attorney. The validity of the Standby Bond Purchase Agreements will be passed upon for the Banks by their counsel, Davis, Polk & Wardwell.

Chapman and Cutler has represented other parties in matters involving subsidiaries of the Company where the legal fees of Chapman and Cutler have been paid by such subsidiaries and has served as bond counsel for the Prior Bonds.

MISCELLANEOUS

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

The Issuers have not assumed nor will assume any responsibility for the accuracy or completeness of any information contained herein (other than the material pertinent to each Issuer under "The Issuers" or "Litigation" above) or in the Appendices hereto, all of which was furnished by others.

APPENDIX A

PACIFICORP

PacifiCorp is an electric utility that conducts a retail electric utility business through two divisions, Pacific Power & Light Company ("Pacific Power") and Utah Power & 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 87% of Pacific Telecom, Inc. ("Pacific Telecom") and 100% of PacifiCorp Financial Services, Inc. ("PFS").

Pacific Power and Utah Power furnish electric service in portions of seven western states: California, Idaho, Montana, Oregon, Utah, Washington and Wyoming. Pacific Telecom, through its subsidiaries, provides local telephone service and access to the long distance network in Alaska, seven other western states and three midwestern states, provides intrastate and interstate long distance communication services in Alaska, provides cellular mobile telephone services, and is engaged in sales of capacity in and operation of a submarine fiber optic cable between the United States and Japan. PFS plans to sell substantial portions of its loan, leasing and real estate investments over the next several years.

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

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Such reports, proxy statements and other information may be inspected and copied at public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at the following Regional Offices at the SEC: Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and New York Regional Office, 7 World Trade Center, 13th Floor, New York, New York 10046. Copies of such material may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of prescribed rates. The Common Stock of the Company is listed on the New York and Pacific Stock Exchanges. Reports, proxy statements, and other information concerning the Company may also be inspected at their respective offices at: New York Stock Exchange, 20 Broad Street, New York, New York 10005, and Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the SEC are incorporated in this Official Statement by reference:

(a) Annual Report on Form 10-K for the year ended December 31, 1993 (as amended by Form 10-K/A dated June 7, 1994);

(b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 1994, June 30, 1994 and September 30, 1994; and

(c) Current Reports on Form 8-K dated January 18, 1994, May 24, 1994, October 17, 1994, October 26, 1994 and November 1, 1994.

All documents filed by the Company pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and prior to the termination of the offering made by this Official Statement shall be deemed to be incorporated by reference in this Official Statement 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 "Incorporated Documents"; provided, however, that all documents filed by PacifiCorp pursuant to Section 13 or 14 of the Exchange Act in each year during which the offering made by this Official Statement is in effect prior to the filing with the SEC 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 Official Statement 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 Company hereby undertakes to provide without charge to each person to whom a copy of this Official Statement has been delivered, on the request of any such person, a copy of any or all of the 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 Richard T. O'Brien, Vice President, PacifiCorp, 700 N.E. Multnomah, Suite 700, Portland, Oregon 97232-4107, telephone number (503) 731-2000. The information relating to the Company contained herein does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

SELECTED FINANCIAL INFORMATION
(Dollar amounts in millions, except per share amounts)

The following selected financial information for each of the three years in the period ended December 31, 1993 and the nine months ended September 30, 1993 and 1994 has been derived from the consolidated financial statements of the Company for the respective periods. The consolidated financial statements for the three-year period ended December 31, 1993 have been audited by Deloitte & Touche LLP, independent auditors, and the reports of Deloitte & Touche LLP (which include explanatory notes in the consolidated financial statements) are incorporated in this Appendix by reference. This selected financial information should be read in conjunction with the financial statements and related notes thereto included in the Incorporated Documents.

	Twelve Months Ended December 31,			Nine Months Ended September 30,	
	1991	1992	1993	1993	1994
Income Statement Data:					
Revenues	$3,168	$3,242	$3,412	$2,528	$2,616
Income from Operations (1)	941	633	916	684	718
Income from Continuing Operations	447	150	423	310	342
Discontinued Operations (2)	60	(491)	52	52	--
Cumulative Effect on Prior Years of a Change in Accounting for Income Taxes	--	--	4	4	--
Net Income (Loss)	507	(341)	479	366	342
Preferred Stock Dividend Requirements	26	37	39	29	30
Earnings (Loss) on Common Stock	481	(378)	440	337	312
Earnings (Loss) per Common Share:					
Continuing Operations	1.63	.42	1.40	1.03	1.10
Discontinued Operations	.23	(1.84)	.19	.19	--
Cumulative Effect on Prior Years of a Change in Accounting for Income Taxes	--	--	.01	.01	--

	September 30, 1994	
	Amount	%
Capital Structure:		
Long-Term Debt and Capital Lease Obligations	$3,800	48%
Preferred Stock	367	5
Preferred Stock Subject to Mandatory Redemption	219	3
Common Equity	3,411	44
Total	$7,797	100%
Short-Term Debt	$ 478	
Long-term Debt and Capital Lease Obligations Currently Maturing	$ 105	

(1) Income before income taxes, interest, other nonoperating items, discontinued operations and cumulative effect of a change in an accounting principle.

(2) Discontinued operations represents PacifiCorp's interests in NERCO, Inc. and an international communications subsidiary of Pacific Telecom.

RATIOS OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges of PacifiCorp for the years ended December 31, 1989 through 1993 and for the nine months ended September 30, 1994 calculated as required by the Commission, are 2.3x, 2.3x, 2.4x, 1.6x, 2.5x and 3.0x respectively. Excluding the effect of special charges, the ratio was 1.9x for the year 1992. For the purpose of computing such ratios, "earnings" represents the aggregate of (a) income from continuing operations, (b) taxes based on income from continuing operations, (c) minority interest in the income of majority-owned subsidiaries that have fixed charges, (d) fixed charges and (e) undistributed losses (income) of less than 50% owned affiliates without loan guarantees. "Fixed charges" represents consolidated interest charges, an estimated amount representing the interest factor in rents and preferred stock dividend requirements of majority-owned subsidiaries, and excludes discontinued operations.

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

Appendix B

AMBAC

Municipal Bond Insurance Policy

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin St., Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, NY 10004
Telephone: (212) 668-0340

Issuer:

Policy Number:

Bonds:

Premium:

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within one (1) business day following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholders' rights to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of AMBAC, nor against any risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the countersignature of its duly authorized representative.

President

AMBAC INDEMNITY CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date:

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer

AMBAC

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin Street
Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza
New York, New York 10004

Endorsement

Policy issued to:

Attached to and forming part of

Effective Date of Endorsement:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall also mean, when referring to the principal of and interest on a Bond, any date on which the Bonds shall have been duly called for special mandatory redemption as a result of a final determination by a court of competent jurisdiction or an administrative agency that interest paid or payable on the Bonds to other than a substantial user or a related person is or was includable in the gross income of the owner thereof for federal income tax purposes under the United States Internal Revenue Code of 1986, as amended, pursuant to Section _____ of the Trust Indenture dated as of _____, 19__ securing the Bonds.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, the Company has caused its Corporate Seal to be hereto affixed and these presents to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding on the Company by virtue of countersignature by its duly authorized agent.

AMBAC Indemnity Corporation

President

AMBAC INDEMNITY CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Authorized Representative

Form No.: 2B-0027 (4/94)

Form - S2B-0002 (3/91)

AMBAC

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin Street
Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza
New York, New York 10004

Endorsement

Policy issued to:

Attached to and forming part of

Effective Date of Endorsement:

The Policy to which this Endorsement is attached and of which it forms a part is hereby amended to provide that the term "Due for Payment", when referring to principal of and interest on the Bonds, is expanded to include any date on which a mandatory redemption date for Unremarketed Bonds (as defined in the Trust Indenture dated as of _____ between the Issuer and _____, as trustee) as described in Section _____ of said Trust Indenture has been reached.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, the Company has caused its Corporate Seal to be hereto affixed and these presents to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding on the Company by virtue of countersignature by its duly authorized agent.

AMBAC Indemnity Corporation

President

AMBAC INDEMNITY CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Authorized Representative

Form - S2B-0002 (3/91)

APPENDIX C

INFORMATION REGARDING BANKS

The Bank of New York

The Bank of New York is one of the largest commercial banks in the United States. It was founded in 1784 by Alexander Hamilton, and it is the nation's oldest bank operating under its original name. The Bank is an important lender to major U.S. and multinational corporations and to mid-sized companies nationally. It is one of the leading retail banks in the greater New York metropolitan area, the largest provider of securities processing services to the market and a respected trust and investment manager. The Bank of New York is a New York state-chartered bank and a member of the Federal Reserve System. As of July 31, 1994, The Bank of New York operated through 278 offices in the State of New York and 24 branches and representative offices overseas. As of July 31, 1994, The Bank of New York had $42.7 billion in total assets and ranked as the tenth largest bank on that basis.

Additional information relating to The Bank of New York, including its annual report, is on file at the offices of The Bank of New York and may be obtained by contacting its Manager of Investor and Public Relations at The Bank of New York, 28 Wall Street, New York, New York, 10286; telephone: (212) 495-2066. The Bank of New York's most recent annual report is incorporated in this Official Statement by reference.

The Bank of Nova Scotia

As of July 31, 1994, The Bank of Nova Scotia ("Scotiabank") had assets in an amount equivalent to approximately CAD$132 billion and deposits in an amount equivalent to approximately CAD$98 billion. Scotiabank also possessed a total risk adjusted capital ratio of 10.84% as at July 31, 1994. Its net income for the fiscal year ended October 31, 1993 was equivalent to approximately CAD$714 million.

The Bank of Nova Scotia maintains offices in 44 countries worldwide and is headquartered in Toronto, Ontario, Canada. Corporate banking operations in the United States of America began in 1885, and currently, The Bank of Nova Scotia operates Scotiabank - Portland Branch, Portland, Oregon, and has other offices in New York, Boston, Atlanta, Chicago, Houston, and San Francisco. Scotiabank - Portland Branch is authorized to conduct business in the state of Oregon by the Department of Consumer and Business Services of the State of Oregon and is subject to the regulations and periodic examination of that authority.

The Bank of Nova Scotia was founded in 1832 in Halifax, Nova Scotia, Canada, and is now one of Canada's largest financial institutions. Common shares of Scotiabank are traded on the Vancouver, Alberta, Winnipeg, Toronto, Montreal and London stock exchanges. In addition to the corporate banking services provided in the United States of America, Scotiabank provides corporate, investment, commercial, and consumer services in Canada through 1,379 offices, as well as select services throughout its international banking network.

Additional information relating to The Bank of Nova Scotia, including its annual report, is on file at the offices of Scotiabank and may be obtained by contacting its Manager - Operations at The Bank of Nova Scotia - Portland Branch, 888 SW Fifth Avenue, Suite 750, Portland, Oregon 97204; telephone: (503) 222-4396. Scotiabank's most recent annual report is incorporated in this Official Statement by reference.

APPENDIX D

Upon delivery of the Carbon Bonds, Chapman and Cutler, Bond Counsel, proposes to issue its final approving opinion in substantially the following form:

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

50 South Main Street, Salt Lake City, Utah 84144-0402
FAX (801) 533-9595
Telephone (801) 533-0066

2 North Central Avenue
Phoenix, Arizona 85004
(602) 256-4060

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

Re: $9,365,000 Carbon County, Utah, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Carbon County, Utah (the *"Issuer"*), a political subdivision of the State of Utah, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $9,365,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 now outstanding in the amount of $9,365,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of solid waste disposal or air or water pollution control facilities (the *"Project"*) at the Carbon coal-fired electric generating plant (the *"Station"*) in Carbon County, Utah for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Utah now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $9,365,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, Sweetwater County, Wyoming and Moffat County, Colorado (collectively, the "Other Issuers"), to refinance certain pollution control or solid waste disposal facilities (the "Facilities") for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the

Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under the laws of the State of Utah as presently enacted and construed, interest on the Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other Utah tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Utah and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Gene Strate, County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER

APPENDIX E

Upon delivery of the Emery Bonds, Chapman and Cutler, Bond Counsel, proposes to issue its final approving opinion in substantially the following form:

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

50 South Main Street, Salt Lake City, Utah 84144-0402
FAX (801) 533-9595
Telephone (801) 533-0066

2 North Central Avenue
Phoenix, Arizona 85004
(602) 256-4060

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

Re: $121,940,000 Emery County, Utah, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Emery County, Utah (the *"Issuer"*), a political subdivision of the State of Utah, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $121,940,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974, Pollution Control Revenue Bonds, 6 3/8% Series due November 1, 2006 (Utah Power & Light Company Project), Pollution Control Revenue Bonds, 5.90% Series due April 1, 2008 (Utah Power & Light Company Project) and Pollution Control Revenue Bonds (Utah Power & Light Company Project), 10.70% Series Due September 1, 2014, collectively outstanding in the amount of $121,940,000 (collectively, the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing or refinancing a portion of the cost of certain solid waste disposal and air or water pollution control facilities (the *"Projects"*) at the Hunter coal-fired steam electric generating plant (formerly known as the Emery Generating plant) and the Huntington coal-fired electric generating plant (collectively, the *"Stations"*) in Emery County, Utah, for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the respective trustee for each series of Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Utah now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan

Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of Nova Scotia (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $121,940,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Carbon County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, Sweetwater County, Wyoming and Moffat

County, Colorado (collectively, the "Other Issuers"), to refinance certain pollution control or solid waste disposal facilities (the "Facilities") for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of any of the Projects or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Stations, the Projects and the application of the proceeds of the Bonds, the Refunded Bonds and the Issuer's $16,750,000 Pollution Control Revenue Bonds (Utah Power & Light Company Project), dated May 11, 1984, with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under the laws of the State of Utah as presently enacted and construed, interest on the Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other Utah tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Utah and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Ray, Quinney & Nebeker, special counsel to the Issuer, and David A. Blackwell, County Attorney of the Issuer, have delivered opinions of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Projects or the Stations.

CHAPMAN AND CUTLER

APPENDIX F

Upon delivery of the Converse Bonds, Chapman and Cutler, Bond Counsel, proposes to issue its final approving opinion in substantially the following form:

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

50 South Main Street, Salt Lake City, Utah 84144-0402
FAX (801) 533-9595
Telephone (801) 533-0066

2 North Central Avenue
Phoenix, Arizona 85004
(602) 256-4060

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

Re: $8,190,000 Converse County, Wyoming,
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Converse County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $8,190,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Collateralized Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1977 now outstanding in the amount of $8,190,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of water and air pollution control facilities (the *"Project"*) at the Dave Johnston Plant (the *"Station"*) in Converse County, Wyoming, for use by Pacific Power & Light Company, a Maine corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $8,190,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Lincoln County, Wyoming, Sweetwater County, Wyoming and Moffat County, Colorado (collectively, the "Other Issuers"), to refinance certain pollution control or solid waste disposal facilities (the "Facilities") for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the

Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. No opinion is expressed with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Bonds may result in other Wyoming tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative of governmental body with respect to the First Mortgage Bonds.

Thomas A. Burley, Esq., County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER

APPENDIX G

Upon delivery of the Lincoln Bonds, Chapman and Cutler, Bond Counsel, proposes to issue its final approving opinion in substantially the following form:

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

50 South Main Street, Salt Lake City, Utah 84144-0402
FAX (801) 533-9595
Telephone (801) 533-0066

2 North Central Avenue
Phoenix, Arizona 85004
(602) 256-4060

11 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

Re: $15,060,000 Lincoln County, Wyoming,
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Lincoln County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $15,060,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Utah Power & Light Company Project) Series A of 1974 now outstanding in the amount of $15,060,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of solid waste disposal or air pollution control facilities (the *"Project"*) at the Naughton coal-fired electric generating plant (the *"Station"*) in Lincoln County, Wyoming, for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $15,060,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Converse County, Wyoming, Sweetwater County, Wyoming and Moffat County, Colorado (collectively, the "Other Issuers"), to refinance certain pollution control or solid waste disposal facilities (the "Facilities") for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the

Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. No opinion is expressed with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Bonds may result in other Wyoming tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Joseph B. Bluemel, County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER

APPENDIX H

Upon delivery of the Sweetwater Bonds, Chapman and Cutler, Bond Counsel, proposes to issue its final approving opinion in substantially the following form:

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

50 South Main Street, Salt Lake City, Utah 84144-0402
FAX (801) 533-9595
Telephone (801) 533-0066

2 North Central Avenue
Phoenix, Arizona 85004
(602) 256-4060

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

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

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Sweetwater County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $21,260,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Taxable Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994T now outstanding in the amount of $21,260,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of refunding the Issuer's Pollution Control Revenue Bonds (Pacific Power & Light Company Project) Series 1973 (the *"1973 Bonds"*) which were issued by the Issuer for the purpose of financing a portion of the cost of certain air and water pollution control facilities in which PacifiCorp, an Oregon corporation (the *"Company"*) owns a 66 2/3% undivided interest (the *"Project"*) at the Jim Bridger coal-fired steam electric generating plant (the *"Station"*) in Sweetwater County, Wyoming. The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on November 1, 2024, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by

bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $21,260,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Converse County, Wyoming, Lincoln County, Wyoming and Moffat County, Colorado (collectively, the "Other Issuers"), to refinance certain pollution control or solid waste disposal facilities (the "Facilities") for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and

the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the 1973 Bonds and the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. No opinion is expressed with respect to any other taxes imposed by the State of Wyoming or any political subdivision thereof. Ownership of the Bonds may result in other Wyoming tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Sue Kearns, County and Prosecuting Attorney, and G. R. Stewart, Civil Deputy County and Prosecuting Attorney of the Issuer, have delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER

APPENDIX I

Upon delivery of the Moffat Bonds, Chapman and Cutler, Bond Counsel, proposes to issue its final approving opinion in substantially the following form:

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

50 South Main Street, Salt Lake City, Utah 84144-0402
FAX (801) 533-9595
Telephone (801) 533-0066

2 North Central Avenue
Phoenix, Arizona 85004
(602) 256-4060

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

Re: $40,655,000 Moffat County, Colorado
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1994

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Moffat County, Colorado (the *"Issuer"*), a body corporate and politic of the State of Colorado, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1994, in the aggregate principal amount of $40,655,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of the County and Municipality Development Revenue Bond Act, Colorado Revised Statutes 1973, as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's Pollution Control Revenue Bonds, Series 1978 (Colorado-Ute Electric Association, Inc. Project) now outstanding in the amount of $40,655,000 (the *"Refunded Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of air and water pollution control facilities (the *"Project"*) at the electric generating Units 1 and 2 at the Craig Station steam electric generating station (the *"Station"*) in Moffat County, Colorado, for use by the Colorado-Ute Electric Association, Inc. (*"Colorado-Ute"*). Subsequent to the issuance of the Refunded Bonds, PacifiCorp, an Oregon corporation (the *"Company"*), purchased the Project from Colorado-Ute and assumed certain obligations and rights of Colorado-Ute with respect to the Project and the Refunded Bonds. The proceeds of the Bonds, together with other moneys to be provided by the Company, are to be deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on May 1, 2013, bear interest from time to time computed as set forth in each of the Bonds and are subject to purchase and redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Colorado now in force.

Pursuant to a Loan Agreement, dated as of November 1, 1994 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by

bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of November 1, 1994 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of variable interest rates to be borne by the Bonds from time to time, which variable interest rate may be a Daily Interest Rate, a Weekly Interest Rate or a Flexible Interest Rate (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different variable interest rate or to a Term Interest Rate (as defined in the Indenture) under certain conditions. The Indenture provides that the Bonds bear interest at a Daily Interest Rate until conversion to a different variable interest rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the issuance of the Bonds, the Company has entered into a Standby Bond Purchase Agreement dated as of November 1, 1994 (the *"Standby Purchase Agreement"*), with The Bank of New York (the *"Bank"*). Pursuant to the Standby Purchase Agreement, the Bank has agreed to provide (a) an amount sufficient to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 62 days' accrued interest on the outstanding Bonds to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds. Execution of the Standby Purchase Agreement, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Standby Purchase Agreement is November 17, 1999, subject to the provisions of the Standby Purchase Agreement.

For the purpose of securing the Company's obligation to repay the loan of the proceeds of sale of the Bonds made to the Company by the Issuer pursuant to the Loan Agreement, the Company has delivered to the Trustee, in trust for the benefit of the holders of the Bonds, its First Mortgage and Collateral Trust Bonds in the aggregate principal amount of $40,655,000 (the *"First Mortgage Bonds"*), issued by the Company under the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and Chemical Bank, as successor trustee, as supplemented and amended by ten supplemental indentures, including a Tenth Supplemental Indenture dated as of August 1, 1994 (collectively, the *"Mortgage"*). Pursuant to the provisions of the Indenture, payments by the Company representing principal of and interest on the First Mortgage Bonds are deposited into the Bond Fund created under the Indenture and are used to pay the principal of and interest on the Bonds on an equal and ratable basis as the same become due. The First Mortgage Bonds are being issued as a part of a series of $216,470,000 aggregate principal of First Mortgage and Collateral Trust Bonds pursuant to the Mortgage on the date hereof to secure the Bonds and five other issues of pollution control revenue refunding bonds being issued on the date hereof by Emery County, Utah, Carbon County, Utah, Converse County, Wyoming, Lincoln County, Wyoming, and Sweetwater County, Wyoming (collectively, the "Other Issuers"), to refinance certain pollution control or solid waste disposal facilities (the "Facilities") for the benefit of the Company.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the

Loan Agreement and all moneys and investments held by the Trustee under the Indenture or otherwise available to the Trustee for the payment thereof.

Subject to the condition that the Company, the Issuer and the Other Issuers comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon certifications of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under the laws of the State of Colorado, as presently enacted and construed, so long as interest on the Bonds is not included in gross income for federal income tax purposes, interest on the Bonds is not included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, upon individuals, corporations, and estates and trusts. No opinion is expressed regarding taxation of interest on the Bonds under any other provisions of Colorado law. Ownership of the Bonds may result in other Colorado tax consequences to certain taxpayers and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We are not passing upon the Standby Purchase Agreement or any action taken by the Bank in connection therewith. The validity of the Standby Purchase Agreement has been passed upon by Davis Polk & Wardwell.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Colorado and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due authorization, execution and delivery by the Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Stoel Rives Boley Jones & Grey has also rendered an opinion of even date herewith, as to the due authorization, execution and delivery of the First Mortgage Bonds and the Mortgage, the validity and binding effect thereof, the enforceability thereof in accordance with their respective terms and the requisite issuance of all orders, approvals, authorizations and consents of any court or administrative or governmental body with respect to the First Mortgage Bonds.

Thomas Thornberry, County Attorney of the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER