

# REOFFERING CIRCULAR

## NOT NEW ISSUES

Book-Entry Only

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

**\$38,125,000**

## **POLLUTION CONTROL REVENUE REFUNDING BONDS (PACIFICORP PROJECTS)**

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

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

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

**Dated: January 17, 1991**

**Due: January 1, 2016**

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

## **PacifiCorp**

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

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

## **Wells Fargo Bank, National Association**

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

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

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**Price 100%**

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

**J.P. MORGAN**

September 15, 2010

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

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

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## REOFFERING CIRCULAR

**\$38,125,000**

### **POLLUTION CONTROL REVENUE REFUNDING BONDS (PacifiCorp Projects)**

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

### **INTRODUCTORY STATEMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## THE ISSUERS

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



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

## THE BONDS

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

## GENERAL

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

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

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

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

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

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

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

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

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

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

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

#### PAYMENT OF PRINCIPAL AND INTEREST

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

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

#### RATE PERIODS

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

#### WEEKLY INTEREST RATE PERIOD

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

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

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

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

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

#### DAILY INTEREST RATE PERIOD

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

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

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

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

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

#### DETERMINATION CONCLUSIVE

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

#### RESCISSION OF ELECTION

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

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

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

#### OPTIONAL PURCHASE

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

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

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

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

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

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

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

#### MANDATORY PURCHASE

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

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

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

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

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

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

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

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

#### PURCHASE OF BONDS

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

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

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



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

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

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

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

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

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

#### REMARKETING OF BONDS

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

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

#### OPTIONAL REDEMPTION OF BONDS

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

#### EXTRAORDINARY OPTIONAL REDEMPTION OF BONDS

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

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

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

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

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

## SPECIAL MANDATORY REDEMPTION OF BONDS

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

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

## PROCEDURE FOR AND NOTICE OF REDEMPTION

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

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

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

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

#### SPECIAL CONSIDERATIONS RELATING TO THE BONDS

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

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

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

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

*The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited.* The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

*The Remarketing Agent May Resign, be Removed or Cease Remarketing the Bonds, Without a Successor Being Named.* Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Indenture and the Remarketing Agreement.

#### BOOK-ENTRY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a whole-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S and non-U.S. securities brokers and dealers, banks and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

As long as the book-entry system is used for the Bonds, principal or purchase price of and premium, if any, and interest payments on, the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of fund and corresponding detailed information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Company, the Paying Agent, the Trustee, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants are the responsibility of DTC, and disbursement of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants.

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

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

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

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

## **THE LETTERS OF CREDIT AND THE CREDIT AGREEMENT**

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

### **LETTERS OF CREDIT**

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



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

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

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

#### CREDIT AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## THE LOAN AGREEMENTS

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

### ISSUANCE OF THE BONDS; LOAN OF PROCEEDS

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

### LOAN PAYMENTS; THE FIRST MORTGAGE BONDS

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

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

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

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

#### PAYMENTS OF PURCHASE PRICE

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

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

#### OBLIGATION ABSOLUTE

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

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

#### EXPENSES

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

#### TAX COVENANTS; TAX-EXEMPT STATUS OF BONDS

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

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

#### OTHER COVENANTS OF THE COMPANY

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



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

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

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

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

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

#### LETTER OF CREDIT; ALTERNATE CREDIT FACILITY

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

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

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

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

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

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

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

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

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

#### EXTENSION OF A LETTER OF CREDIT

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

#### DEFAULTS

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

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

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

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

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

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

## REMEDIES

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

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

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

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

#### AMENDMENTS

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

### THE INDENTURES

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

#### PLEDGE AND SECURITY

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

#### APPLICATION OF PROCEEDS OF THE BOND FUND

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

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

#### INVESTMENT OF FUNDS

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

#### DEFAULTS

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

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

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

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

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

- (e) an “Event of Default” under the Loan Agreement;
- (f) a “Default” under the Company Mortgage; or
- (g) the Trustee’s receipt of written notice (which may be given by telefacsimile) from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) of an event of default under and as defined in the Reimbursement Agreement and stating that such notice is given pursuant to the Indenture.

## REMEDIES

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

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

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

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

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



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

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

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

#### DEFEASANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

## REMOVAL OF TRUSTEE

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

## MODIFICATIONS AND AMENDMENTS

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

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

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

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

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

#### AMENDMENT OF THE LOAN AGREEMENT

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

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

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

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

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

#### **REMARKETING**

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

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

### **TAX EXEMPTION**

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

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

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

### **CERTAIN LEGAL MATTERS**

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



## MISCELLANEOUS

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

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

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## APPENDIX A

### PACIFICORP

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

The Company, which includes PacifiCorp and its subsidiaries, is a United States regulated electric company serving 1.7 million retail customers, including residential, commercial, industrial and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, 77 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of 10,482 megawatts. PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through approximately 15,900 miles of transmission lines. PacifiCorp also buys and sells electricity on the wholesale market with public and private utilities, energy marketing companies and incorporated municipalities as a result of excess electricity generation or other system balancing activities. PacifiCorp is subject to comprehensive state and federal regulation. PacifiCorp’s subsidiaries support its electric utility operations by providing coal mining and environmental remediation services. PacifiCorp is an indirect subsidiary of MidAmerican Energy Holdings Company (“MEHC”), a holding company based in Des Moines, Iowa that owns subsidiaries principally engaged in energy businesses. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. (“Berkshire Hathaway”). MEHC controls substantially all of PacifiCorp’s voting securities, which include both common and preferred stock.

The Company’s operations are exposed to risks, including general economic, political and business conditions in the jurisdictions in which the Company’s facilities operate; changes in federal, state and local governmental, legislative or regulatory requirements affecting the Company or the electric utility industry; changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce plant output, accelerate plant retirements or delay plant construction; the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies; changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage or supply of electricity or the Company’s ability to obtain long-term contracts with customers; a high degree of variance between actual and forecasted load and prices that could impact the hedging strategy and costs to balance electricity and load supply; hydroelectric conditions, as well as the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings, that could have a significant impact on electric capacity and cost and the Company’s ability to generate electricity; changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation

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

The principal executive offices of the Company are located at 825 N.E. Multnomah, 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 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 December 31, 2009.
2. Quarterly Reports on Form 10-Q for the three months ended March 31, 2010 and June 30, 2010.

3. Current Report on Form 8-K, dated January 20, 2010.
4. Current Report on Form 8-K, dated March 30, 2010.
5. 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 six months ended June 30, 2010 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 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.

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## APPENDIX B

### INFORMATION REGARDING THE BANK

*The information under this heading has been provided solely by the Bank and is believed to be reliable. This information has not been verified independently by the Issuers, the Company or the Remarketing Agent. Neither the Issuers, the Company nor the Remarketing Agent make any representation whatsoever as to the accuracy, adequacy or completeness of such information.*

#### WELLS FARGO BANK, NATIONAL ASSOCIATION

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

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

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

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

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



APPENDIX C

APPROVING OPINIONS OF BOND COUNSEL

September , 1992

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**STOEL RIVES BOLEY JONES & GREY**

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

September , 1992

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**STOEL RIVES BOLEY JONES & GREY**

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

September , 1992

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

**STOEL RIVES BOLEY JONES & GREY**

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

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## APPENDIX D

### PROPOSED FORM OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

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

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

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

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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

Respectfully submitted,

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

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

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

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

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

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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

Respectfully submitted,



**APPENDIX E**

**FORM OF LETTER OF CREDIT**

**IRREVOCABLE LETTER OF CREDIT**

September 22, 2010

Letter of Credit No. \_\_\_\_\_

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

Attention: Global Corporate Trust

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All payments hereunder shall be made from our own funds.

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

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION**

By: \_\_\_\_\_  
[Authorized Signature]

San Francisco Standby Letter of Credit  
Office

Telephone No.: 1-800-798-2815

Facsimile No.: (415) 296-8905

**DRAWING FOR INTEREST ON AN ORDINARY**  
**INTEREST PAYMENT DATE**

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

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

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

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT, ON AN INTEREST PAYMENT DATE (AS DEFINED IN THE INDENTURE), OF UNPAID INTEREST ON THE BONDS.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

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

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

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

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

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

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

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

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND THE UNPAID INTEREST ON, REDEEMED BONDS UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE BONDS CURRENTLY OUTSTANDING.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

- (4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].
- (5) THE AMOUNT HEREBY DEMANDED IS EQUAL TO THE SUM OF (A) \$[INSERT AMOUNT] BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF THE REDEEMED BONDS AND (B)

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

- (6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.
  
- (7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

[INSERT SIGNATURE AND DATE]



Irrevocable Letter of Credit No. \_\_\_\_\_

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

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

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

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

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND INTEREST DUE ON, THOSE BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

- (4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].
- (5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) \$[INSERT AMOUNT] BEING DRAWN WITH RESPECT TO THE PAYMENT OF PRINCIPAL OF THE BONDS AND (B) \$[INSERT

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

- (6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.
  
- (7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE 9:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER 9:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

Irrevocable Letter of Credit No. \_\_\_\_\_

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

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

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

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

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE TOTAL UNPAID PRINCIPAL OF, AND UNPAID INTEREST ON, ALL OF THE BONDS WHICH ARE CURRENTLY OUTSTANDING UPON (A) THE STATED MATURITY OF ALL SUCH BONDS, (B) THE ACCELERATION OF ALL SUCH BONDS FOLLOWING AN EVENT OF DEFAULT UNDER THE INDENTURE (C) [THE MANDATORY TENDER OF ALL SUCH BONDS,] OR (D) THE REDEMPTION OF ALL SUCH BONDS.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

**[INSERT REMITTANCE INSTRUCTIONS].**

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

- (5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **[\$[INSERT AMOUNT]]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID PRINCIPAL OF THE OUTSTANDING BONDS AND (B) **[\$[INSERT AMOUNT]]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE OUTSTANDING BONDS.
- (6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.
- (7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, LOCAL TIME AT THE PRESENTATION OFFICE ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, LOCAL TIME AT THE PRESENTATION OFFICE, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., LOCAL TIME AT THE PRESENTATION OFFICE, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

**[INSERT NAME OF BENEFICIARY]**

**[INSERT SIGNATURE AND DATE]**

Annex E to Wells Fargo Bank, National Association

Irrevocable Letter of Credit No. \_\_\_\_\_

**LETTER OF CREDIT REDUCTION AUTHORIZATION**

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

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

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

**[FOR SIGNED REDUCTION AUTHORIZATIONS ONLY]**

**[INSERT NAME OF BENEFICIARY]**

**By: [INSERT SIGNATURE]**

**TITLE: [INSERT TITLE]**

**DATE: [INSERT DATE]**

**TRANSFER OF LETTER OF CREDIT**

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

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

**[INSERT DATE]**

Subject: Your Letter of Credit No. \_\_\_\_\_

Ladies and Gentlemen:

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

\_\_\_\_\_  
**[Name of Transferee]**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**[Address of Transferee]**

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

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

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

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

Very truly yours,

**[Insert Name of Transferor]**

By: \_\_\_\_\_  
**[Insert Name and Title]**

**TRANSFEROR'S SIGNATURE  
GUARANTEED**

By: \_\_\_\_\_  
**[Bank Name]**

By: \_\_\_\_\_  
**[Insert Name and Title]**

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

**[Insert Name of Transferee]**

By: \_\_\_\_\_  
**[Insert Name and Title]**

**Telephone: \_\_\_\_\_ [Insert Telephone Number]**

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