



**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

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

April 23, 2012

IDAHO PUBLIC
UTILITIES COMMISSION

***VIA ELECTRONIC MAIL
AND OVERNIGHT DELIVERY***

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83720

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

Dear Ms. Jewell:

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

- 1) Reoffering Circulars dated April 16, 2012 and Supplement dated April 18, 2012
- 2) Reimbursement Agreements, dated April 18, 2012, among the Company and JP Morgan Chase Bank, NA, as Letter of Credit Issuing Bank for the following Bond issues:
 - a. \$45,000,000 City of Forsyth, Rosebud County, Montana Pollution Control Revenue Refunding Bonds, Series 1988 (PacifiCorp Project)
 - b. \$45,000,000 Emery County, Utah Pollution Control Revenue Refunding Bonds, Series 1991 (PacifiCorp Project)

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

PacifiCorp arranged for these replacement Letters of Credit to provide credit enhancement and to help assure timely payment of amounts due with respect to each PCR series. The new Letters of Credit are expected to enable PacifiCorp to achieve a lower cost of money with respect to the financing authorized by the above-listed Order.

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

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

Idaho Public Utilities Commission

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April 23, 2012

Sincerely,

A handwritten signature in cursive script that reads "Tanya Sacks".

Tanya Sacks
Assistant Treasurer

Enclosures

Cc: Terri Carlock
Ted Weston

REOFFERING-NOT A NEW ISSUE

The opinion of Chapman and Cutler delivered on January 14, 1988 stated that, subject to the condition that the Issuer and the Company comply with certain covenants, under then existing law (i) interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (ii) interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Such opinion of Bond Counsel was also to the effect that under then existing law, the interest on the Bonds is exempt from individual income taxes imposed by the State of Montana. Such opinions have not been updated as of the date hereof. In the opinion of Bond Counsel to be delivered in connection with the delivery of the Letter of Credit, the delivery of the Letter of Credit will not cause the interest on the Bonds to become includible in the gross income of the owners thereof for federal income tax purposes. See "TAX EXEMPTION" herein for a more complete discussion.

**DELIVERY OF
ALTERNATE CREDIT FACILITY AND REOFFERING
\$45,000,000*
CITY OF FORSYTH, ROSEBUD COUNTY, MONTANA
CUSTOMIZED PURCHASE POLLUTION CONTROL REVENUE REFUNDING BONDS
(PACIFICORP PROJECT), SERIES 1988**

Purchase Date: April 18, 2012

Due: January 1, 2018

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

PACIFICORP

and from funds drawn under an irrevocable direct pay Letter of Credit (the "*Letter of Credit*") to be issued by

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

Under the Letter of Credit, the Trustee will be entitled to draw through April 18, 2013 (unless earlier terminated or extended) up to an amount sufficient to pay the principal of and, up to 65 days' accrued interest on the Bonds calculated at a maximum interest rate of 12% per annum (a) to pay the principal of and interest on the Bonds and (b) to pay the purchase price of Bonds tendered by the Owners thereof as provided in the Indenture.

The Bonds are currently secured by a Letter of Credit (the "*Prior Letter of Credit*") issued by BNP Paribas (the "*Prior Bank*"). PacifiCorp (the "*Company*") has delivered notice that prior to or on April 18, 2012, the Letter of Credit will be delivered to the Trustee to support the Bonds. After that date, the Bonds will not have the benefit of the Prior Letter of Credit.

The Bonds are issuable as fully registered Bonds without coupons, initially in the denomination of \$100,000 and integral multiples of \$5,000 in excess thereof. Interest on the Bonds while the Bonds bear interest at Daily, Weekly or Monthly Rates will be payable monthly on each Interest Payment Date. As of the date hereof, the Bonds bear interest at a Daily Rate. The Depository Trust Company, New York, New York ("*DTC*"), will continue to act as a securities depository for Bonds. Such Bonds are registered in the name of Cede & Co., as registered owner and nominee of DTC, and, except for the limited circumstances described herein, beneficial owners of interests in such Bonds will not receive certificates representing their interests in such Bonds. Payments of principal of, and premium, if any, and interest on Bonds will be made through DTC and its Participants and disbursements of such payments to purchasers will be the responsibility of such Participants.

The Bonds are being offered solely on the basis of the Letter of Credit and the financial strength of JPMorgan Chase Bank, National Association, and are not being offered on the basis of the financial strength of the Company or any other security.

Certain legal matters related to the delivery of the Letter of Credit will be passed upon by Chapman and Cutler LLP, Bond Counsel to the Company. Certain legal matters will be passed upon for the Company by Paul J. Leighton, Esq., counsel to the Company.

Price: 100%

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

BARCLAYS
Remarketing Agent

April 16, 2012

* The Bonds were issued in the aggregate principal amount of \$45,000,000, all of which remain outstanding. This Supplement relates to the remarketing, in a secondary market transaction, of \$39,000,000 of the Bonds delivered for mandatory purchase by the respective owners thereof for purchase on April 18, 2012. Owners of the remaining \$6,000,000 aggregate principal amount of the Bonds have elected to retain such Bonds pursuant to the Indenture.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Supplement to Official Statement in connection with the reoffering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, PacifiCorp, JPMorgan Chase Bank, National Association, or the Remarketing Agent. Neither the delivery of this Supplement to Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, JPMorgan Chase Bank, National Association, or PacifiCorp since the date hereof. The Issuer has not and will not assume any responsibility as to the accuracy or completeness of the information in this Supplement to Official Statement. No representation is made by JPMorgan Chase Bank, National Association, as to the accuracy, completeness or adequacy of the information contained in this Supplement to Official Statement, except with respect to APPENDIX B hereto and the information under the caption "THE LETTER OF CREDIT." The Bonds are not registered under the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity has passed upon the accuracy or adequacy of this Supplement to Official Statement.

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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\$45,000,000
CITY OF FORSYTH, ROSEBUD COUNTY, MONTANA
CUSTOMIZED PURCHASE POLLUTION CONTROL REVENUE REFUNDING BONDS
(PACIFICORP PROJECT), SERIES 1988

GENERAL INFORMATION

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

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

This Supplement to Official Statement is provided to furnish certain information with respect to the reoffering of the \$45,000,000 outstanding principal amount of the Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Projects) Series 1988 (the "*Bonds*") issued by the City of Forsyth, Rosebud County, Montana (the "*Issuer*").

The Bonds were issued pursuant to a Trust Indenture, dated as of January 1, 1988 (the "*Indenture*") between the Issuer and The Bank of New York Mellon Trust Company, N.A. (successor in interest to The First National Bank of Chicago), as Trustee (the "*Trustee*"). The proceeds from the sale of the Bonds were loaned to PacifiCorp (the "*Company*") pursuant to the terms of a Loan Agreement dated as of January 1, 1988 (the "*Agreement*"), between the Issuer and the Company. Under the Agreement, the Company is unconditionally obligated to pay amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Bonds (the "*Loan Payments*") and for payment of the purchase price of the Bonds.

The proceeds of the Bonds, together with certain other moneys of the Company, were used for the purposes set forth in the Original Official Statement.

The Bonds, together with premium, if any, and interest thereon, are limited and not general, obligations of the Issuer not constituting or giving rise to a pecuniary liability of the Issuer nor any charge against its general credit or taxing powers nor an indebtedness of or a loan of credit thereof, shall be payable solely from the Revenues (as defined in the Indenture and which includes moneys drawn under the Letter of Credit) and other moneys

pledged therefor under the Indenture, and shall be a valid claim of the respective holders thereof only against the Bond Fund (as defined in the Indenture), the Revenues and other moneys held by the Trustee as part of the Trust Estate (as defined in the Indenture). The Issuer shall not be obligated to pay the purchase price of Bonds from any source.

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

The Company has exercised its right under the Agreement and the Indenture to terminate the Letter of Credit, dated September 15, 2004, as amended (the "*Prior Letter of Credit*"), issued by BNP Paribas (the "*Prior Bank*"), which has supported payment of the principal, interest and purchase price of the Bonds since the date such Prior Letter of Credit was issued. Pursuant to the Indenture, the Company has elected to replace the Prior Letter of Credit with an Irrevocable Letter of Credit (the "*Letter of Credit*") issued by JPMorgan Chase Bank, National Association ("*JPMorgan*"). The Letter of Credit will be delivered to the Trustee on April 18, 2012 (the "*Purchase Date*") and, after such date, the Bonds will not have the benefit of the Prior Letter of Credit.

All references in the Official Statement (unless expressly stated otherwise) to the Letter of Credit shall be deemed to refer to the Letter of Credit and not to the Prior Letter of Credit, and all references to the Bank shall be deemed to refer to JPMorgan and not to the Prior Bank.

During the Daily, Weekly and Monthly Rate periods, the Trustee will be entitled to draw under the Letter of Credit up to (a) an amount equal to the principal amount of the Bonds to be used (i) to pay the principal of the Bonds, (ii) to enable the Trustee to pay the portion of the purchase price equal to the principal amount of the Bonds delivered or deemed delivered to it for purchase and not remarketed by the Remarketing Agent, and (iii) to enable the Company to purchase the Bonds in lieu of redemption under certain circumstances, plus (b) an amount equal to 65 days' accrued interest on the Bonds (calculated at an assumed maximum rate of 12% per annum) (i) to pay interest on the Bonds or (ii) to enable the Trustee to pay the portion of the purchase price of the Bonds properly delivered for purchase equal to the accrued interest, if any, on the purchased Bonds.

The Letter of Credit constitutes an Alternate Credit Facility (defined below) under the Indenture. At any time, the Company may, at its option, provide for the delivery to the Trustee of an Alternate Credit Facility to replace the Letter of Credit or provide for the termination of the

Letter of Credit or any other Alternate Credit Facility then in effect, as described in the Original Official Statement under the caption "THE LETTER OF CREDIT — Alternate Credit Facility."

Brief descriptions of the Issuer, the Bonds, the Letter of Credit, the Agreement and the Indenture are included in this Supplement to Official Statement, including the Original Official Statement attached as APPENDIX C hereto. Information regarding the business, properties and financial condition of the Company is included in APPENDIX A attached hereto. A brief description of JPMorgan is included as APPENDIX B hereto. The descriptions herein of the Agreement, the Indenture and the Letter 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 form thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights generally. Copies of such documents may be obtained from the principal corporate trust office of the Trustee in Chicago, Illinois and at the principal offices of the Remarketing Agent in New York, New York.

THE BONDS

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

INTEREST ON THE BONDS

The Bonds currently bear interest at a Daily Interest Rate (not exceeding 12% while the Letter of Credit is in effect) unless and until changed as described in the Original Official Statement under "CONVERSION OF RATE." The Daily Interest Rate on the Bonds is determined by the Remarketing Agent to be the interest rate which, in the judgment of the Remarketing Agent, when borne by the Bonds, is the minimum interest rate necessary to enable the Remarketing Agent to sell the Bonds on such date at the principal amount thereof plus accrued interest, if any; provided, however, that (A) with respect to any day that is not a Business Day, the Daily Interest Rate shall be the same rate as the Daily Interest Rate established for the immediately preceding Business Day unless the Remarketing Agent is open for business on such non-Business Day and determines a rate for such non-Business Day, in which case the Bonds shall bear interest at the rate so determined, and (B) if for any reason a Daily Interest Rate is not established by the Remarketing Agent or the rate established by the Remarketing Agent is held to be invalid or unenforceable by a court of law with respect to any day, the Daily Interest Rate for such day shall equal the Floating Interest Index determined by the Indexing Agent as of such day. On the basis of such Daily Interest Rates, the Trustee shall calculate the amount of interest payable during each Interest Period on the Bonds bearing interest at a Daily Interest Rate.

Interest accrued on the Bonds during each Interest Period (as defined below) shall be paid to the Owner as of the Record Date (as defined below) on the next succeeding Interest Payment Date (as defined below) and, while the Bonds bear interest at a Daily Interest Rate or other

Floating Interest Rate (as defined in the Official Statement), computed on the basis of a year of 365 or 366 days, as applicable, for the actual number of days elapsed.

"Interest Payment Date" means (a) during such time as the Bonds bear a Daily Interest Rate, the fifth day after the Interest Accrual Date, and (b) any Conversion Date.

"Interest Period" means the period from and including the date interest starts to accrue on the Bonds pursuant to a particular method of calculating interest to and including the next succeeding Interest Accrual Date and each succeeding period from the day next succeeding such Interest Accrual Date to and including (i) the next succeeding Interest Accrual Date or (ii) if earlier, the day next preceding a Conversion Date.

"Interest Accrual Date" means, with respect to any Interest Period during which interest on the Bonds accrues at a Daily Interest Rate, the last day of the calendar month.

"Record Date" means, when the Bonds bear interest at a Daily Interest Rate, the Interest Accrual Date.

PURCHASE ON DEMAND OF OWNER

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

Anything in the Indenture notwithstanding, (i) at any time when neither the Letter of Credit nor an Alternate Credit Facility is outstanding, there shall be no purchases or sales of Bonds as described above, and (ii) at any time during which the Letter of Credit or an Alternate Credit Facility is outstanding, there shall be no sales of Bonds, if (A) there shall have occurred and not have been cured or waived an Event of Default described in the Original Official Statement in paragraph (a), (b), (c), (d) or (e) under the caption "THE INDENTURES — Defaults" of which the Remarketing Agent and the Trustee have actual knowledge or (B) the Bonds have been declared to be immediately due and payable as described in the Official Statement under the caption "THE INDENTURE — Remedies" and such declaration has not been rescinded pursuant to the Indenture.

REDEMPTION OF BONDS

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

The Bonds are also subject to redemption under certain circumstances including (i) certain events relating to the Project, (ii) a Determination of Taxability, (iii) expiration or termination of the Letter of Credit or Alternate Credit Facility and (iv) a Conversion Date as described in the Original Official Statement under the captions "THE BONDS — Extraordinary Optional Redemption of the Bonds," "— Mandatory Redemption of Bonds," "— Redemption Upon Expiration or Termination of Letter of Credit or Alternate Credit Facility," and "— Redemption Upon Conversion."

Notice requirements and other procedures relating to redemption of Bonds are as described in the Original Official Statement under the caption "THE BONDS — Procedure for and Notice of Redemption."

THE LETTER OF CREDIT AND THE CREDIT AGREEMENT

The following is a brief summary of certain provisions of the Letter of Credit and that certain \$800,000,000 Credit Agreement, dated July 6, 2006, as amended and supplemented, among the Company, the financial institutions party thereto, the Administrative Agent (defined below) and The Royal Bank of Scotland plc, as syndication agent (together with all related documents, the "Credit Agreement"). This summary is not a complete recital of the terms of the Letter of Credit or the Credit Agreement and reference is made to the Letter of Credit or the Credit Agreement, as applicable, in its entirety.

THE LETTER OF CREDIT

On the date of reoffering of the Bonds, JPMorgan will issue in favor of the Trustee a Letter of Credit for the Bonds in the form of a direct pay letter of credit. The Letter of Credit will be issued in the aggregate principal amount of the Bonds plus 65 days' interest at 12% per annum, on the basis of a 365 day year (the "Original Stated Amount") (as from time to time reduced and reinstated as provided in the Letter of Credit). The Letter of Credit will permit the Trustee to draw up to an amount equal to the Original Stated Amount to pay the unpaid principal thereof and accrued interest on the Bonds, subject to the terms, conditions and limitations stated therein. The Letter of Credit will be substantially in the form attached hereto as APPENDIX E.

The Letter of Credit will expire on April 18, 2013. At any time there remains no less than 90 days to the then current Stated Expiration Date (defined below), the Company may request JPMorgan to extend such Stated Expiration Date for a period of one year. JPMorgan

may, in its sole discretion, extend the Stated Expiration Dated then in effect and will give written notice of such election to extend to the Company and the Trustee within 30 days of receipt of the request to extend. Failure by JPMorgan to notify the Company and the Trustee of any decision within 30 days will be deemed to be a rejection of such request. The date on which the Letter of Credit expires as described in the preceding sentence and as it may be extended from time to time, is defined in the Letter of Credit as the "*Stated Expiration Date*". For purposes of the Letter of Credit, "*Business Day*" means any day other than a day on which banking institutions in the city in which the principal corporate trust office of the Trustee or the principal corporate trust office of the Tender Agent or the principal office of the Remarketing Agent is located, or the city where the office of JPMorgan where drawings are made hereunder is located, are required or authorized by law to remain closed, or other than a day on which the New York Stock Exchange is closed.

Each drawing honored by JPMorgan under the Letter of Credit will immediately reduce the available amount thereunder by the amount of such drawing. Any drawing to pay interest will be automatically reinstated on the ninth (9th) Business Day following the date such drawing is honored by the Bank, unless JPMorgan gives notice of an Event of Default under that certain Reimbursement Agreement, dated April 18, 2012 (the "*Reimbursement Agreement*"), between the Company and JPMorgan, pursuant to which the Letter of Credit will be issued. Any drawing to pay the purchase price of a Bond shall be automatically reinstated upon receipt by JPMorgan, or the Trustee on behalf of JPMorgan, of an amount equal to the purchase price of such Bonds (or portion thereof) plus accrued interest on such Bonds as required under the Reimbursement Agreement. See APPENDIX E.

CREDIT AGREEMENT

General. The Company is party to the Credit Agreement. In addition, the Company has executed and delivered the Reimbursement Agreement requesting that JPMorgan issue a letter of credit for the Bonds and governing the issuance thereof. The Letter of Credit is issued pursuant to the Credit Agreement and the Reimbursement Agreement.

The Credit Agreement defines the relationship between the Company and the financial institutions party thereto, including JPMorgan; 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 and the Reimbursement Agreement, the Company has agreed to reimburse JPMorgan 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 JPMorgan 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 JPMorgan Chase 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 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 of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

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

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

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

(l) MidAmerican Energy Holdings Company or any wholly-owned subsidiary thereof that owns common stock of the Company ("*MidAmerican*") shall fail to own (directly or indirectly through one or more Subsidiaries) at least 80% of the outstanding shares of common stock of the Company; any person or group of persons (within the

