

94728

BOOK 58 PAGE 809

Counterpart No.

PACIFIC POWER & LIGHT COMPANY

TO

**MORGAN GUARANTY TRUST COMPANY
OF NEW YORK**

(formerly Guaranty Trust Company of New York)

AND

R. E. SPARROW

(successor to Oliver R. Brooks and Wesley L. Baker),

As Trustees under Pacific Power & Light
Company's Mortgage and Deed of
Trust, Dated as of July 1, 1947



Thirty-eighth Supplemental Indenture

Dated as of August 1, 1982

THIRTY-EIGHTH SUPPLEMENTAL INDENTURE

THIS INDENTURE, dated as of the first day of August, 1982, made and entered into by and between PACIFIC POWER & LIGHT COMPANY, a corporation of the State of Maine, whose post office address is Public Service Building, Portland, Oregon 97204 (hereinafter sometimes called the Company), party of the first part, and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (formerly Guaranty Trust Company of New York), a New York trust company, whose post office address is 30 West Broadway, New York, N. Y. 10015 (hereinafter sometimes called the Corporate Trustee), and R. E. SPARROW (successor to Oliver R. Brooks and Wesley L. Baker), whose post office address is 496 Dorchester Road, Ridgewood, New Jersey 07450 (hereinafter sometimes called the Co-Trustee), parties of the second part (the Corporate Trustee and the Co-Trustee being hereinafter together sometimes called the Trustees), as Trustees under the Mortgage and Deed of Trust, dated as of July 1, 1947 (hereinafter called the Mortgage), executed and delivered by Pacific Power & Light Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, this indenture (hereinafter called the Thirty-eighth Supplemental Indenture) being supplemental thereto.

WHEREAS the Mortgage was or is to be recorded in the official records of the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming and various counties within such states, which counties include or will include all counties in which this Thirty-eighth Supplemental Indenture is to be recorded; and

WHEREAS by the Mortgage the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired, made or constructed and intended to be subject to the lien thereof; and

WHEREAS the Company executed and delivered to the Trustees its Supplemental Indentures as follows:

	<u>Dated as of</u>		<u>Dated as of</u>
First	April 1, 1950	Nineteenth	December 15, 1967
Second	March 1, 1952	Twentieth	May 1, 1969
Third	September 1, 1952	Twenty-first	November 1, 1969
Fourth	April 1, 1954	Twenty-second	July 1, 1970
Fifth	August 1, 1954	Twenty-third	February 1, 1971
Sixth	October 1, 1955	Twenty-fourth	October 1, 1971
Seventh	January 1, 1957	Twenty-fifth	October 1, 1972
Eighth	September 1, 1957	Twenty-sixth	January 1, 1974
Ninth	January 1, 1958	Twenty-seventh	October 1, 1974
Tenth	July 1, 1958	Twenty-eighth	May 1, 1975
Eleventh	September 1, 1960	Twenty-ninth	January 1, 1976
Twelfth	June 22, 1961	Thirtieth	July 1, 1976
Thirteenth	April 1, 1962	Thirty-first	December 1, 1976
Fourteenth	December 1, 1962	Thirty-second	January 1, 1977
Fifteenth	April 1, 1963	Thirty-third	November 1, 1977
Sixteenth	August 1, 1963	Thirty-fourth	April 1, 1979
Seventeenth	October 1, 1964	Thirty-fifth	October 1, 1980
Eighteenth	October 1, 1965	Thirty-sixth	March 1, 1981
		Thirty-seventh	October 15, 1981, and

WHEREAS the First through Thirty-seventh Supplemental Indentures were or are to be filed for record and were or are to be recorded and indexed as a mortgage of both real and personal property in the official records of the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming and various counties within such states, which counties include or will include all counties in which this Thirty-eighth Supplemental Indenture is to be recorded; and

WHEREAS an instrument, dated as of March 12, 1958, was executed by the Company appointing Wesley L. Baker as Co-Trustee in succession to said Oliver R. Brooks, resigned, under the Mortgage and by Wesley L. Baker accepting the appointment as Co-Trustee under the Mortgage in succession to the said Oliver R. Brooks, which instrument was or is to be

recorded in the official records of the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming and various counties within such states, which counties include or will include all counties in which this Thirty-eighth Supplemental Indenture is to be recorded; and

WHEREAS in the Twenty-first Supplemental Indenture, Wesley L. Baker resigned as Co-Trustee and R. E. Sparrow was appointed successor Co-Trustee; and

WHEREAS in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS the Company has heretofore issued, in accordance with the provisions of the Mortgage, as supplemented, bonds entitled and designated First Mortgage Bonds, of the Series and in the principal amounts as follows:

Series	Due Date	Aggregate Principal Amount Issued	Aggregate Principal Amount Outstanding
1. First— $3\frac{1}{4}\%$	1977	\$38,000,000	\$ 0
2. Second— 3%	1980	9,000,000	0
3. Third— $3\frac{3}{8}\%$	1982	12,500,000	0
4. Fourth— $3\frac{3}{4}\%$	9/1/1982	7,500,000	7,500,000
5. Fifth— $3\frac{3}{8}\%$	1984	8,000,000	8,000,000
6. Sixth— $3\frac{1}{2}\%$	8/1/1984	30,000,000	30,000,000
7. Seventh— $3\frac{3}{4}\%$	1985	10,000,000	10,000,000
8. Eighth— $5\frac{3}{8}\%$	1987	12,000,000	0
9. Ninth— $5\frac{1}{4}\%$	9/1/1987	20,000,000	0
10. Tenth— $4\frac{1}{4}\%$	1988	15,000,000	14,900,000
11. Eleventh— $4\frac{3}{8}\%$	7/1/1988	20,000,000	17,675,000
12. Twelfth— $5\frac{1}{8}\%$	1990	20,000,000	14,271,000
13. Thirteenth— $4\frac{3}{4}\%$	1992	35,000,000	26,696,000
14. Fourteenth— $4\frac{1}{2}\%$	12/1/1992	32,000,000	24,405,000
15. Fifteenth— 3%	11/1/1974	11,434,000	0
16. Sixteenth— $3\frac{3}{8}\%$	4/1/1978	4,500,000	0

Series	Due Date	Aggregate Principal Amount Issued	Aggregate Principal Amount Outstanding
17. Seventeenth—3½%	8/1/1979	\$ 4,951,000	\$ 0
18. Eighteenth—4½%	6/1/1981	5,849,000	0
19. Nineteenth—4½%	10/1/1982	6,157,000	6,157,000
20. Twentieth—3¾%	3/1/1984	8,659,000	8,659,000
21. Twenty-first—4¾%	5/1/1986	14,454,000	14,454,000
22. Twenty-second—4¾%	1993	30,000,000	19,741,000
23. Twenty-third—4¾%	1994	30,000,000	21,961,000
24. Twenty-fourth—5%	1995	30,000,000	22,318,000
25. Twenty-fifth—8%	1999	25,000,000	23,400,000
26. Twenty-sixth—8¾%	11/1/1999	20,000,000	20,000,000
27. Twenty-seventh—9¾%	2000	25,000,000	24,310,000
28. Twenty-eighth—7¾%	2001	40,000,000	37,860,000
29. Twenty-ninth—8%	10/1/2001	35,000,000	32,940,000
30. Thirtieth—7¾%	2002	30,000,000	28,550,000
31. Thirty-first—8¾%	2004	60,000,000	52,695,000
32. Thirty-second—9¾%	1983	70,000,000	70,000,000
33. Thirty-third—10¾%	1990*	60,000,000	60,000,000
34. Thirty-fourth—10%	2006	75,000,000	72,770,000
35. Thirty-fifth—7¾%	7/1/2006	35,000,000	35,000,000
36. Thirty-sixth—8¾%	12/1/2006	50,000,000	45,075,000
37. Thirty-seventh—6¾%	1/1/2007	17,000,000	17,000,000
38. Thirty-eighth—8¾%	11/1/2007	100,000,000	93,345,000
39. Thirty-ninth—10¾%	2009	100,000,000	98,100,000
40. Fortieth—14¾%	2010	50,000,000	50,000,000
41. Forty-first—15¾%	1991	75,000,000	75,000,000
42. Forty-second—18%	10/15/1991	100,000,000	100,000,000; and

* Due 1985 upon exercise of option by holder.

WHEREAS Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to the coupon bonds, if any, of such series shall be established by Resolution of the Board of Directors of the Company; that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof; and that such series may also contain such provisions not inconsistent with the provisions of the Mortgage, as supplemented, as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage, as supplemented; and

WHEREAS Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage, as supplemented, whether such power, privilege or right is in any way restricted or is unrestricted, may (to the extent permitted by law) be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may cure any ambiguity contained therein, or in any supplemental indenture, or may (in lieu of establishment by Resolution as provided in Section 8 of the Mortgage) establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage, as supplemented, shall be situated; and

WHEREAS the Company now desires (pursuant to the provisions of Section 120 of the Mortgage) to establish the terms and provisions of a new series of bonds and to add to its covenants and agreements contained in the Mortgage, as heretofore supplemented, certain other covenants and agreements to be observed by it, to alter and amend in certain respects the covenants and provisions contained in the Mortgage, as heretofore supplemented, and to provide for additional series of bonds; and

WHEREAS the execution and delivery by the Company of this Thirty-eighth Supplemental Indenture, and the terms of the bonds of the Forty-third Series hereinafter referred to, have been duly authorized by the Company;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That Pacific Power & Light Company, in consideration of the premises and of One Dollar (\$1) to it duly paid by the Trustees at or before the enrolling and delivery of these presents, the receipt whereof is hereby acknowledged, and in further assurance of the estate, title and rights of the Trustees and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect, and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of such bonds, and to confirm the lien of the Mortgage on certain after acquired property, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto R. E. Sparrow and (to the extent of its legal capacity to hold the same for the purposes hereof) to Morgan Guaranty Trust Company of New York, as Trustees under the Mortgage, and to their successor or successors in said trust, and to said Trustees and their successors and assigns forever, all property, real, personal and mixed, acquired by the Company after the date of the Thirty-seventh Supplemental Indenture, of the kind or nature specifically mentioned in Article XXI of the Mortgage or of any other kind or nature (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned, or, subject to the provisions of subsection (1) of Section 87 of the Mortgage, hereafter acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) and wheresoever situated, including the properties described in Article V hereof, and including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing) all lands, power sites, flowage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way

and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio, television and air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, electric, gas, and other machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture and chattels; all franchises, consents or permits; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose, including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to public or private property, real or personal, or the occupancy of such property and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all right, title and interest the Company may now have or may hereafter acquire in and to any and all property of any kind or nature wheresoever situated.

And the Company does hereby confirm that the Company will not cause or consent to a partition, either voluntarily or through legal proceedings, of property, whether herein described or heretofore or hereafter acquired, in which its ownership shall be as a tenant in common, except as permitted by and in conformity with the provisions of the Mortgage and particularly of Article XI thereof.

TOGETHER WITH all and singular the tenements, hereditaments, prescriptions, servitudes and appurtenances belonging or in anywise appertaining to the aforementioned property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforementioned property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of subsection (1) of Section 87 of the Mortgage, all the property, rights and franchises acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) after the date hereof, except any herein or in the Mortgage, as heretofore supplemented, expressly excepted, shall be and are as fully granted and conveyed hereby and by the Mortgage, and as fully embraced within the lien of the Mortgage, as if such property, rights and franchises were now owned by the Company and were specifically described herein or in the Mortgage and conveyed hereby or thereby.

Provided that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of the Mortgage, viz.: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, apparatus, materials or supplies held for the purpose of sale or other disposition in the usual course of business; fuel, oil and similar materials and supplies consumable in the operation of any of the properties of the Company; all aircraft, tractors, rolling stock, trolley coaches, buses, motor coaches, automobiles, motor trucks, and other vehicles and materials and supplies held for the purpose of repairing or replacing (in whole or part) any of the same; (3) bills, notes and accounts receivable, judgments, demands and choses in action, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; the Company's contractual rights or other interest in or with respect to tires not owned by the Company; (4) the last day of the term of any lease or leasehold which may be or become subject to the lien of the Mortgage; (5) electric energy, gas, steam, water, ice, and other materials or products generated, manufactured, stored, produced, purchased or acquired by the Company for sale, distribution or use in the ordinary course of its business; all timber, minerals, mineral rights and royalties and all Natural Gas and Oil Production Property, as defined in Section 4 of the Mortgage; and (6) the Company's franchise to be a corporation; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent

permitted by law) cease to be so excepted in the event and as of the date that either or both of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 thereof.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto R. E. Sparrow and (to the extent of its legal capacity to hold the same for the purposes hereof) to Morgan Guaranty Trust Company of New York, as Trustees, and their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this Thirty-eighth Supplemental Indenture being supplemental to the Mortgage.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed, and to the estates, rights, obligations and duties of the Company and the Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors in the trust, in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustees by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successor or successors in such trust under the Mortgage, as follows:

ARTICLE I.

Forty-third Series of Bonds.

SECTION 1. There shall be a series of bonds designated "Adjustable Rate Series due November 1, 2002" (herein sometimes referred to as the "Forty-third Series"), each of which bonds shall be substantially in the form set forth in Annex A hereto. Bonds of the Forty-third Series shall mature on November 1, 2002 and shall be issued as fully registered bonds in the denomination of One Thousand Dollars and, at the option of the Company, in any multiple or multiples of One Thousand Dollars (the exercise of such option to be evidenced by the execution and delivery thereof); they shall bear interest at the rates specified in the bonds of the Forty-third Series, payable semi-annually on May 1 and November 1 of each year, commencing November 1, 1982; and the principal of and interest on each such bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Notwithstanding Section 10 of the Mortgage (as heretofore amended), each bond of the Forty-third Series shall

(i) be dated as of the date of its authentication (except that if any bond of the Forty-third Series shall be authenticated upon any interest payment date for that series, it shall be dated as of the day following), provided that any bond of the Forty-third Series issued in exchange or substitution for, or upon the transfer of, an outstanding bond of the Forty-third Series prior to the first interest payment date to which interest has been paid or duly provided for shall be dated the same date as the bond of the Forty-third Series being exchanged, substituted or transferred; and

(ii) (except as provided in the paragraph inserted in the Mortgage by the next paragraph of this Thirty-eighth Supplemental Indenture) bear interest from the interest payment date next preceding its date or, in the case of any bond of the Forty-third Series issued prior to the first interest payment date to which interest has been paid or duly provided for, from its date.

Section 10 of the Mortgage (as heretofore amended) is hereby further amended by inserting the following provision at the end thereof:

"Notwithstanding the foregoing, the person in whose name any bond of the Adjustable Rate Series due November 1, 2002 (hereinafter called the "Forty-third Series") is registered at the close of business on any record date for the Forty-third Series (as hereinafter defined) with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date (except that in case of any redemption of bonds as provided for herein on a date subsequent to the record date for the Forty-third Series and prior to such interest payment date, interest on such redeemed bonds shall be payable only to the date fixed for redemption thereof and only against surrender of such bonds for redemption in accordance with the notice of such redemption) notwithstanding the cancellation of such bond upon any transfer or exchange thereof subsequent to the record date for the Forty-third Series and prior to such interest payment date, except if, and to the extent that, the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the persons in whose names outstanding bonds of the Forty-third Series are registered on the day immediately preceding the date of payment of such defaulted interest. Any bond of the Forty-third Series issued upon any transfer or exchange subsequent to the record date for the Forty-third Series for any interest payment date and prior to such interest payment date shall bear interest from such interest payment date. The term 'record date for the Forty-third Series' as used with respect to any interest payment date shall mean the fifteenth day of the calendar month next preceding such interest payment date."

Bonds of the Forty-third Series shall not be redeemable except as set forth in the following Subsections (I) through (III), inclusive:

(I) Bonds of the Forty-third Series shall be redeemable either at the option of the Company or pursuant to the requirements of the Mortgage, as supplemented, at any time (or from time to time) on or after November 1, 1996 and prior to maturity, either as a whole or in part, upon notice as provided in Section 52 of the Mortgage mailed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, at the following General Redemption Prices, expressed in percentages of the principal amount of the bonds to be redeemed:

General Redemption Prices

If redeemed during the twelve months ending on the thirty-first day of October,

1997	104.41%	2000	101.76%
1998	103.53	2001	100.88
1999	102.64	2002	100.00

in each case, together with accrued interest to the date fixed for redemption.

(II) Bonds of the Forty-third Series shall also be redeemable at any time (or from time to time) on or after November 1, 1987 and prior to maturity, either as a whole or in part, upon like notice, by the application of cash deposited with the Corporate Trustee pursuant to the provisions of Section 64 of the Mortgage, at the following Section 64 Redemption Prices, expressed in percentages of the principal amount of the bonds to be redeemed:

Section 64 Redemption Prices

If redeemed during the twelve months ending on the thirty-first day of October,

1988	104.11%	1996	101.76%
1989	103.82	1997	101.47
1990	103.53	1998	101.18
1991	103.23	1999	100.88
1992	102.94	2000	100.59
1993	102.64	2001	100.29
1994	102.35	2002	100.00
1995	102.06		

in each case, together with accrued interest to the date fixed for redemption.

(III) Bonds of the Forty-third Series shall also be redeemable at any time prior to maturity, as a whole but not in part, upon like notice, by the application of cash deposited with the Corporate Trustee pursuant to the provisions of Section 87 of the Mortgage, at the Special Redemption Price equal to the principal amount of the bonds to be redeemed together with accrued interest to the date fixed for redemption.

At the option of the registered owner, any bonds of the Forty-third Series, upon surrender thereof, for cancellation, at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the Forty-third Series shall be transferable, upon the surrender thereof, for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York. Upon any transfer or exchange of bonds of the Forty-third Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but the Company hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of the Forty-third Series.

After the execution and delivery of this Thirty-eighth Supplemental Indenture and upon compliance with the applicable provisions of the Mortgage, as supplemented, there shall be an issue of bonds of the Forty-third Series in an aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000). No bonds of the Forty-third Series shall be originally issued after the issuance of said \$50,000,000 aggregate principal amount.

ARTICLE II

Additional Series of Bonds.

SECTION 2. After the execution and delivery of this Thirty-eighth Supplemental Indenture and authentication and delivery of the bonds of the Forty-third Series and upon compliance with the applicable provisions of the Mortgage, as supplemented, it is contemplated there shall be additional bonds issued, in one or more sequentially numbered series commencing with the Forty-fourth Series (hereinafter referred to as the "Additional Series"), in an aggregate principal amount not to exceed One Hundred Fifty Million Dollars (\$150,000,000), and the Board of Directors of the Company has authorized, and this Thirty-eighth Supplemental Indenture hereby confirms

the lien of the Mortgage to secure, the Additional Series of bonds in an aggregate principal amount not to exceed said One Hundred Fifty Million Dollars (\$150,000,000).

Section 10 of the Mortgage (as heretofore amended) is hereby further amended by inserting the following provisions at the end thereof:

"Notwithstanding the foregoing, the person in whose name any bond of any of the series of bonds issued subsequent to the Forty-third Series is registered at the close of business on any record date for any such series of bonds issued subsequent to the Forty-third Series with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date (except that in case of any redemption of bonds as provided for herein on a date subsequent to the record date for any such series of bonds issued subsequent to the Forty-third Series and prior to such interest payment date, interest on such redeemed bonds shall be payable only to the date fixed for redemption thereof and only against surrender of such bonds for redemption in accordance with the notice of such redemption) notwithstanding the cancellation of such bond upon any transfer or exchange thereof subsequent to the record date for such series and prior to such interest payment date, except if, and to the extent that, the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the persons in whose names outstanding bonds of any such series are registered on the day immediately preceding the date of payment of such defaulted interest. Any bond of any such series issued upon any transfer or exchange subsequent to the record date for said series for any interest payment date and prior to such interest payment date shall bear interest from such interest payment date. The term 'record date for any series of bonds issued subsequent to the Forty-third Series' shall have the meaning set forth in the Resolution of the Board of Directors of the Company establishing such subsequent series.

The Company reserves the right to establish, at any time, by Resolution of the Board of Directors of the Company a form of coupon bond, and of appurtenant coupons, for any series of the Additional Series and to provide for exchangeability of such coupon bonds with the bonds of such series of

the Additional Series issued hereunder in fully registered form and to make all appropriate provisions for such purpose.

Bonds of any series of the Additional Series shall be transferable, upon the surrender thereof, for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York. Upon any transfer or exchange of bonds of any series of the Additional Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but the Company hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of any series of the Additional Series.

Bonds of any series of the Additional Series shall be in such form and shall be issued upon such terms and conditions as may be from time to time established by Resolution of the Board of Directors of the Company, including but not limited to rate or rates of interest, record and interest payment dates, maturity dates, redemption conditions and redemption prices, and aggregate principal amounts for each of such series; provided, however, that the aggregate principal amount of bonds for all series of the Additional Series shall not exceed One Hundred Fifty Million Dollars (\$150,000,000).

ARTICLE III.

Replacement Fund Covenant—Other Related Provisions of the Mortgage—Dividend Covenant.

SECTION 3. Subsection (I) of Section 39 of the Mortgage, as heretofore amended, is hereby further amended by substituting the words "Forty-second or Forty-third Series or any series issued subsequent to the Forty-third Series" for "or Forty-second Series" and by substituting the words "Forty-second, Forty-third Series and any series issued subsequent to the Forty-third Series" for "and Forty-second Series" each time such words appear in said Section 39.

Subsection (III) of Section 39 of the Mortgage, as heretofore amended, is hereby further amended by inserting the words "Forty-third Series and

any series issued subsequent to the Forty-third Series," before the words "Forty-second Series".

Clauses (d) and (e) of subsection (II) of Section 4 of the Mortgage, as heretofore amended, are hereby further amended by inserting the words "Forty-third Series and any series issued subsequent to the Forty-third Series," before the words "Forty-second Series" each time such words appear therein.

Clause (6) of Section 5 of the Mortgage, as heretofore amended, is hereby further amended by inserting "Forty-third Series and any series issued subsequent to the Forty-third Series," before "Forty-second".

Clause (e) of Section 5 of the Mortgage, as heretofore amended, is hereby further amended by inserting "Forty-third Series and any series issued subsequent to the Forty-third Series," before "Forty-second".

Section 29 of the Mortgage, as heretofore amended, is hereby further amended by inserting "Forty-third Series and any series issued subsequent to the Forty-third Series," before "Forty-second" each time such word appears therein.

ARTICLE IV.

Miscellaneous Provisions.

SECTION 4. The Company and the Corporate Trustee agree that an indemnity agreement in favor of the Company and the Corporate Trustee in form satisfactory to them of any original holder of any bond of the Forty-third Series (or of any other institutional holder reasonably acceptable to the Corporate Trustee which holds at least \$500,000 aggregate unpaid principal amount of bonds of the Forty-third Series) shall constitute sufficient indemnity (and no surety or bond shall be required) for the purpose of Section 16 of the Mortgage (as heretofore amended) in any case of loss, destruction or mutilation of any such bond. The Company will indemnify and save the Corporate Trustee harmless against any liability resulting from the Corporate Trustee's agreement under this paragraph or resulting from any action taken or omitted by the Corporate Trustee in accordance with its agreement under this paragraph.

The Company and the Corporate Trustee may enter into one or more written agreements that provide that the indemnity agreement in favor of

the Company and the Corporate Trustee of certain holders of bonds of any series of the Additional Series may constitute sufficient indemnity (and no surety or bond shall be required) for the purpose of Section 16 of the Mortgage (as heretofore amended) in any case of loss, destruction or mutilation of any such bond. The Company will indemnify and save the Corporate Trustee harmless against any liability resulting from the Corporate Trustee's agreement under this paragraph or resulting from any action taken or omitted by the Corporate Trustee in accordance with any agreement entered into pursuant to this paragraph.

SECTION 5. The right, if any, of the Company to assert the defense of usury against a holder or holders of bonds of the Forty-third Series or any series of the Additional Series or any subsequent series shall be determined only under the laws of the State of New York.

SECTION 6. Subject to the amendments provided for in this Thirty-eighth Supplemental Indenture, the terms defined in the Mortgage, as heretofore amended, shall, for all purposes of this Thirty-eighth Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore amended.

SECTION 7. The Trustees hereby accept the trusts hereby declared, provided, created or supplemented, and agree to perform the same upon the terms and conditions herein and in the Mortgage, as heretofore supplemented, set forth, including the following:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Thirty-eighth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. Each and every term and condition contained in Article XVII of the Mortgage shall apply to and form part of this Thirty-eighth Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Thirty-eighth Supplemental Indenture.

SECTION 8. Whenever in this Thirty-eighth Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, be deemed to include the successors and assigns of such party, and all the covenants and

agreements in this Thirty-eighth Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustees, or either of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 9. Nothing in this Thirty-eighth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons outstanding under the Mortgage, any right, remedy or claim under or by reason of this Thirty-eighth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Thirty-eighth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons outstanding under the Mortgage.

SECTION 10. This Thirty-eighth Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V.

Specific Description of Property.

The following described properties acquired subsequent to September 1, 1981, in the States of OREGON, CALIFORNIA, MONTANA, WASHINGTON and WYOMING, owned as of July 31, 1982 and used by the Company as sites for its plants, dams, reservoirs, substations, switching stations, office buildings and electric transmission and distribution facilities, or acquired and held for present or future use and development in connection with its electric utility, steam heating, and water supply systems, or for other purposes, as hereinafter indicated, respectively:

C—ELECTRIC SUBSTATIONS AND SWITCHING STATIONS

All of the following described real property in the States of OREGON and WYOMING used by the Company in connection with the operation and

maintenance of the electric substations and switching stations hereinafter designated respectively:

C-397—Jacksonville Substation

In JACKSON County, State of OREGON:

Land additional to and adjoining the tract described in C-397 Item, described as follows:

C-397 Item 2: A tract of land in Section 28, Township 37 South, Range 2 West, Willamette Meridian, described as follows:

Commencing at the southwest corner of Donation Land Claim No. 67; thence north $00^{\circ} 06' 20''$ east (Record north $00^{\circ} 02'$ east) 1681.75 feet (Record 1675.00 feet) along the west line of said Donation Land Claim to the most westerly northwest corner of the tract described in Volume 364, Page 193 of the Deed Records of Jackson County, Oregon for the true point of beginning, thence north $38^{\circ} 56' 24''$ east (Record north $39^{\circ} 04'$ east) along the northwesterly line of said tract 138.11 feet; thence north $89^{\circ} 53' 40''$ west 20.66 feet to the southeasterly right of way line of Hanley Road; thence south $41^{\circ} 21' 50''$ west along said right of way line 100.00 feet to the west line of said Donation Land Claim; thence south $00^{\circ} 06' 20''$ west (Record south $00^{\circ} 02'$ west) 32.41 feet along said Donation Land Claim Line to the true point of beginning.

C-400—Eagle Point Substation

In JACKSON County, State of OREGON:

C-400-Item: A tract of land in the southeast quarter of Section 1, Township 36 South, Range 1 West, Willamette Meridian, described as follows:

Commencing at the east quarter corner of said Section 1; thence south $00^{\circ} 00' 54''$ west along the east section line of said section 191.00 feet to the true point of beginning; thence continuing south $00^{\circ} 00' 54''$ west along said section line 324.92 feet; thence north $89^{\circ} 59' 06''$ west 298.67 feet; thence north $00^{\circ} 48' 30''$ east 3.38 feet; thence north $07^{\circ} 59' 56''$ east 197.32 feet; thence north $45^{\circ} 00' 54''$ east 60.00 feet; thence north $64^{\circ} 19' 26''$ east 157.04 feet; thence north $61^{\circ} 00' 50''$

east 32.11 feet; thence north $89^{\circ} 57' 30''$ east 59.19 feet to the point of beginning.

TOGETHER with a nonexclusive 20' wide easement for the purposes of ingress and egress, 10' on each side of the following described centerline:

Commencing at the east quarter-section corner of said Section 1; thence south $00^{\circ} 00' 54''$ west 515.92 feet; thence $89^{\circ} 59' 06''$ west 10.00 feet to the true point of beginning; thence south $00^{\circ} 00' 54''$ west 398.00 feet to a point which is north $00^{\circ} 00' 54''$ east 10.00 feet from the south line of Donation Land Claim No. 43; thence north $89^{\circ} 59' 06''$ west 45.00 feet.

C-401—Sprague River Substation

In KIAMATH County, State of OREGON:

C-401 Item: A tract of land in Section 14, Township 36 South, Range 10 East, Willamette Meridian, described as follows:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 24, Block 17, Sprague River.

C-402—Palette Substation

In WALLOWA County, State of OREGON:

C-402 Item: A tract of land in Section 22, Township 3 South, Range 48 East, Willamette Meridian, described as follows:

Commencing at the corner common to Sections 14, 15, 22 and 23, said township and range; thence south $89^{\circ} 09'$ west 950.5 feet; thence south $11^{\circ} 39'$ east 1969.2 feet; thence north $63^{\circ} 28'$ east 119.0 feet to the true point of beginning; thence north $32^{\circ} 17'$ west 81.0 feet; thence north $57^{\circ} 43'$ east 325.4 feet; thence south $43^{\circ} 43'$ west 335.5 feet to the true point of beginning.

C-403—New Hanna Substation

In CARBON County, State of WYOMING:

C-403 Item: A tract of land located in the southwest quarter of Section 18, Township 22 North, Range 81 West, Sixth Principal Meridian, described as follows:

Commencing at the northwest corner of Block 4, Original Town of Hanna; thence north $88^{\circ} 17' 30''$ west, 839.14 feet; thence along the arc of a true curve to the right having a radius of 1004.93 feet and through a central angle of $0^{\circ} 17' 58''$ northwesterly 5.25 feet to the point of beginning; thence along a true curve to the right having a radius of 1004.93 feet and through a central angle of $6^{\circ} 26' 33''$ northwesterly an arc distance of 113.00 feet; thence south $32^{\circ} 55' 22''$ west, 100.00 feet; thence south $57^{\circ} 04' 38''$ east, 100.00 feet; thence north $32^{\circ} 55' 22''$ east, 152.49 feet to the point of beginning.

D—ELECTRIC TRANSMISSION LINES

All the following described electric transmission lines of the Company in the States of OREGON, CALIFORNIA, MONTANA, WASHINGTON and WYOMING, hereinafter enumerated and described as extending from plants or stations hereinabove described or other termini as indicated, to other designated plants, stations, or other termini as indicated below:

D-368 Line: From Bonneville Power Administration's Roundup Substation to McKay Substation (C-399) in UMATILLA County, State of OREGON.

D-369 Line: From Pacific Power & Light Company's Rogue River Substation to pole 7/14 on Line 7 in JACKSON County, State of OREGON.

D-370 Line: From Pacific Power & Light Company's Northcrest Substation to pole 13A/12 on Line 38-6 in DEL NORTE County, State of CALIFORNIA.

D-371 Line: From Grey Eagle Mine's Substation to pole 16/34 on Line 33 in SISKIYOU County, State of CALIFORNIA.

D-372 Line: From Trumbull Creek Substation (C-392) to Whitefish Substation (C-175) in FLATHEAD County, State of MONTANA.

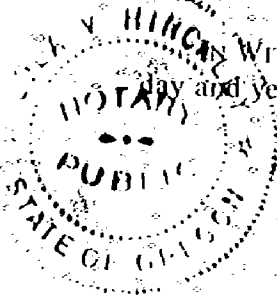
D-373 Line: From Trumbull Creek Substation (C-392) to pole 7/32 on Line 32 in FLATHEAD County, State of MONTANA.

D-374 Line: From Selah Substation (C-220) to New Wenas Substation (C-388) in YAKIMA County, State of WASHINGTON.

24

STATE OF OREGON }
COUNTY OF MULTNOMAH } SS.:

On this 10th day of September, 1982, before me, LOLA V. HINCKLEY, a Notary Public in and for the State of Oregon, personally appeared R. F. LANZ and R. J. SIMPSON known to me to be a Vice President and an Assistant Secretary, respectively, of Pacific Power & Light Company, a Maine corporation, who did say that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and who acknowledged this instrument to be the free, voluntary and properly authorized act and deed of said corporation.



[SEAL]

WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Lola V. Hinckley
LOLA V. HINCKLEY
Notary Public for the State of Oregon
My Commission Expires February 8, 1984

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On this 9th day of September, 1982, before me, WILLIAM A. FEENEY, a Notary Public in and for the State of New York, personally appeared M. P. KOWALEWSKI and THOMAS R. BOWEN, known to me to be a Trust Officer and an Assistant Secretary, respectively, of Morgan Guaranty Trust Company of New York, a New York trust company, who did say that the seal affixed to the foregoing instrument is the corporate seal of said company and who acknowledged this instrument to be the free, voluntary and properly authorized act and deed of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

William A. Feeny
WILLIAM A. FEENEY
Notary Public, State of New York
Qualified in Queens County
Certificate Filed in New York County
No. 41-6251746
Commission Expires March 30, 1984



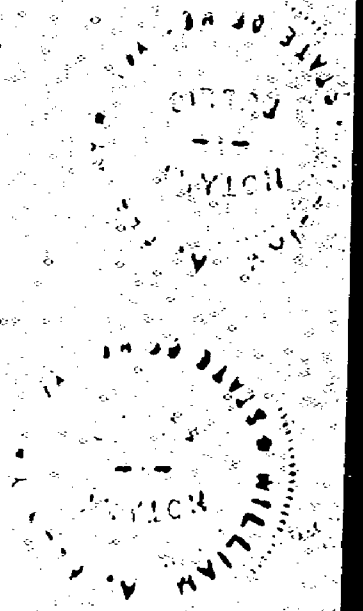
[SEAL]

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On this 9th day of September, 1982, before me, WILLIAM A. FEENEY, a Notary Public in and for the State of New York, personally appeared R. E. SPARROW, known to me to be the individual described in and who executed the foregoing instrument, and acknowledged that he executed this instrument as his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

William A. Feeny
WILLIAM A. FEENEY
Notary Public, State of New York
Qualified in Queens County
Certificate Filed in New York County
No. 41-6251746
Commission Expires March 30, 1984



[SEAL]

Annex A

PACIFIC POWER & LIGHT COMPANY

First Mortgage Bond, Adjustable Rate Series due November 1, 2002

No. R

\$

PACIFIC POWER & LIGHT COMPANY, a corporation of the State of Maine (hereinafter called the Company), for value received, hereby promises to pay to _____ or registered assigns, on November 1, 2002, at the office or agency of the Company in the Borough of Manhattan, The City of New York, the sum of _____ Dollars, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from the May 1 or November 1 next preceding the date hereof or, if no interest has been paid on the bonds of this series, from the date hereof, at a rate per annum determined as provided in paragraph 2 hereof, until the principal hereof shall become due and payable, and thereafter at a rate per annum 1% greater than said rate so determined from time to time on any overdue principal and premium, and (to the extent permitted by applicable law) on any overdue interest, in like coin or currency at such office or agency on May 1 and November 1 in each year, commencing November 1, 1982, until the Company's obligation with respect to the payment of such principal shall have been discharged, provided that the interest so payable on any May 1 or November 1 will, subject to certain exceptions set out in the supplemental indenture dated as of August 1, 1982 hereinafter mentioned, be paid to the person in whose name this bond (or any bond or bonds previously outstanding in transfer or exchange for which this bond was issued) is registered at the close of business on the April 15 or October 15, as the case may be, next preceding such interest payment date.

1. This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, Adjustable Rate Series due November 1, 2002; all bonds of all series issued and to be issued under and equally and ratably secured (except in so far as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the

bonds of any particular series) by a Mortgage and Deed of Trust (herein, together with any indenture supplemental thereto, including the supplemental indenture dated as of August 1, 1982, called the Mortgage), dated as of July 1, 1947, executed by the Company to Guaranty Trust Company of New York (now Morgan Guaranty Trust Company of New York) (hereinafter called the Corporate Trustee) and Oliver R. Brooks (R.E. Sparrow, successor), as Trustees. Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees, the terms and conditions upon which the bonds are and are to be secured, and the circumstances under which additional bonds may be issued. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by affirmative vote of the holders of at least seventy per centum (70%) in principal amount of the bonds then outstanding under the Mortgage and, if the rights of the holders of one or more, but less than all, series of bonds then outstanding are to be affected, then also by affirmative vote of the holders of at least seventy per centum (70%) in principal amount of the bonds then outstanding of each series of bonds so to be affected (excluding in any case bonds disqualified from voting by reason of the Company's interest therein as provided in the Mortgage); provided that, without the consent of the holder hereof, no such modification or alteration shall, among other things, impair or affect the right of the holder to receive payment of the principal of (and premium, if any) and interest on this bond, on or after the respective due dates expressed herein, or permit the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of the benefit of a lien on the mortgaged and pledged property, or permit the deprivation of any non-assenting holder of the benefit of the lien upon the property mortgaged under the Mortgage as security for such holder's bonds (subject only to certain specified liens), or permit the modification of the obligations of the Company under Section 64 of the Mortgage. The Company has reserved the right to amend the Mortgage without any consent or other action by holders of this series of bonds or any other series of bonds created since 1969 so as to change seventy per centum (70%) in the foregoing sentence to sixty-six and two-thirds per centum (66⅔%).

2. Interest on this bond is payable at a rate per annum determined as follows:

A. Interest on this bond is payable (i) at the rate of [16.75% per annum for the period from the date hereof to and including October 31, 1983]*, and (ii) at a rate per annum equal to the Adjusted Rate (as defined below) for the 12-month period thereafter commencing on November 1, in each year (each such 12-month period being herein called an Applicable Period and each such November 1, being herein called an Adjustment Date). The Adjusted Rate for the Applicable Period commencing on any Adjustment Date shall be (i) the Base Treasury Rate or the Alternate Treasury Rate (each as defined below), as the case may be, determined for such Applicable Period in accordance with the Procedures (as defined and set forth below), times 127%, rounded to the nearest one-tenth of one percentage point or (ii) under the circumstances described in paragraph F below, the rate determined by Banking Firms (as defined below) for such Applicable Period in accordance with said paragraph F, times 127%, rounded to the nearest one-tenth of one percentage point; provided, however, that the Adjusted Rate for any Applicable Period shall in no event be less than 10% per annum or greater than 24% per annum. If for any reason beyond the control of the Company, neither the Base Treasury Rate nor the Alternate Treasury Rate shall have been so determined for any Applicable Period prior to the December 1 next succeeding the Adjustment Date for such Applicable Period, the Adjusted Rate for such Applicable Period shall be the interest rate per annum in effect on the October 31 next preceding such Adjustment Date; provided, however, that any rate thereafter determined for such Applicable Period in accordance with paragraph F below shall be deemed to supersede such rate for (and only for) any portion of such Applicable Period occurring on or after the date of such determination.

B. The Base Treasury Rate for the Applicable Period commencing on any Adjustment Date shall be the arithmetic average of the four most

* The matter in brackets will be set forth in the bonds of this series originally issued and in any bonds of this series issued upon a transfer or substitution or exchange of bonds of this series on or before October 31, 1983. Any bonds of this series so issued thereafter shall specify the Adjusted Rate then in effect and the last day of the then current Applicable Period.

recent weekly average yields to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years), as published by the Federal Reserve Board in its Statistical Release H-15 (or published in another publication or release referred to in the immediately following sentence) published at least five days prior to such Adjustment Date; provided that such weekly average yields to maturity as so published shall have been computed with respect to weekly periods ended within 50 days prior to such Adjustment Date. If one or more of such Statistical Releases containing such weekly average yields to maturity shall not be available, the Base Treasury Rate shall be determined with reference to any comparable release of such Board substituted therefor or, if such Board shall not publish a comparable release, with reference to any official publication of release of any other U.S. Governmental department or agency that purports to set forth such weekly average yields to maturity (or purports to set forth daily average yields to maturity from which such weekly average yields to maturity can be mathematically derived), adjusted to constant maturities of ten years, in accordance with the Treasury Criteria (as defined below) or other criteria that are substantially equivalent to the Treasury Criteria, as determined by the holders of at least 66⅔% in amount of the bonds of this series then outstanding. In August 1982, such weekly average yields to maturity were determined on the basis of the criteria (herein called the Treasury Criteria) set forth in an attachment to Federal Reserve Board Statistical Release H-15, dated May 14, 1982, and reflected in such Board's Statistical Release H-15, dated August 16, 1982.

C. The Alternate Treasury Rate for the Applicable Period commencing on any Adjustment Date shall be the arithmetic average of the average yields to maturity of the closing bids quoted daily (or less frequently, if daily quotations shall not be available) by each of the three Government Securities Dealers (as defined below) designated in accordance with the Procedures, during the 28-day period ending five days prior to such Adjustment Date, for actively traded marketable U.S. Treasury fixed interest rate securities with a final maturity date of at least eight and one-half years but not more than eleven and one-half years from the date of each such quotation (other than securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax and securities which provide tax benefits to the

holder and are priced to reflect such tax benefits and securities which were originally issued at a deep or substantial discount).

D. The Adjusted Rate for the Applicable Period commencing on any Adjustment Date shall be determined in accordance with the following procedures (herein called the Procedures) or paragraph F below, as the case may be:

(1) On or before the second day next preceding such Adjustment Date the Company will deliver to the holder of this bond and to the Corporate Trustee a certificate, signed by the principal financial officer of the Company (herein called an Adjustment Certificate), either (a) setting forth the Base Treasury Rate for the Applicable Period commencing on such Adjustment Date, determined as above provided (and accompanied by copies of each Statistical Release H-15 or other publication or release used in determining such Base Treasury Rate), whereupon such Base Treasury Rate shall be used to compute the Adjusted Rate for such Applicable Period, or (b) stating that (i) one or more of the Statistical Releases H-15 (or other publication or release) necessary for determining such Base Treasury Rate were not available for the four weeks next preceding such Adjustment Date, and/or (ii) the Treasury Criteria were not in effect for such four-week period and, for reasons specified in such certificate, the criteria determined to be substantially equivalent to the Treasury Criteria by the holders of at least 66 2/3% in amount of the bonds of this series then outstanding, pursuant to paragraph B above, are not, in the reasonable and good faith judgment of the Company, substantially equivalent to the Treasury Criteria, and setting forth the Alternate Treasury Rate for the Applicable Period commencing on such Adjustment Date, determined as above provided (such Adjustment Certificate to be accompanied by copies of the reports from which such Alternate Treasury Rate was so determined from three Government Securities Dealers designated by the Corporate Trustee), whereupon such Alternate Treasury Rate shall be used to compute the Adjusted Rate for such Applicable Period.

(2) A "Government Securities Dealer" shall mean Morgan Guaranty Trust Company of New York or any other nationally

recognized commercial bank or investment banking firm actively engaged in the trading of U.S. Treasury fixed interest rate securities of the types reflected in the Treasury Criteria.

(3) In the event that during any Applicable Period there shall occur (whether by reason of republication to correct an error or otherwise) any change in the published data used as a basis for determination of the Base Treasury Rate (and, therefore, the Adjusted Rate) then in effect with respect to such Applicable Period, the Company will, within 30 calendar days thereafter, deliver to the holder of this bond and to the Corporate Trustee a new Adjustment Certificate setting forth the new Base Treasury Rate and the other information required by the foregoing Clause (1) with respect to such new Base Treasury Rate, whereupon such new Base Treasury Rate shall be used to recompute the Adjusted Rate with respect to such Applicable Period, and such new Adjusted Rate shall be applicable retroactively from and after the Adjustment Date on which such Applicable Period commenced; provided, however, that the Company need only take such action if such change in the published data shall occur on a date no later than 90 calendar days after the beginning of such Applicable Period.

(4) If (i) the holders of at least 33 1/3% in amount of the bonds of this series then outstanding or (ii) any of the original holders of the bonds of this series shall deliver to the Company, the Corporate Trustee and each other holder of outstanding bonds of this series, within 15 days after the Company's delivery of an Adjustment Certificate with respect to any Applicable Period pursuant to the foregoing Clause (1) or Clause (3), written notice to the effect that, for reasons specified in such notice, the Base Treasury Rate set forth in such Adjustment Certificate has not been determined in accordance with the Treasury Criteria or other criteria then in effect pursuant to paragraph B above, then the Company will deliver to the holder of this bond, within 10 days after the receipt of such written notice, a second Adjustment Certificate (a) setting forth the Alternate Treasury Rate for such Applicable Period, determined as above provided (and accompanied by copies of the reports from which such Alternate Treasury Rate was so determined from three

Government Securities Dealers designated by the Corporate Trustee), whereupon such Alternate Treasury Rate shall be used to compute the Adjusted Rate for such Applicable Period, or (b) stating that for reasons beyond the control of the Company, the Alternate Treasury Rate for such Applicable Period cannot be determined, and setting forth in reasonable detail the efforts made to determine such rate, whereupon it shall be deemed that for reasons beyond the control of the Company neither the Base Treasury Rate nor the Alternate Treasury Rate has been determined for such Applicable Period.

E. The Company will keep a copy of each Adjustment Certificate at its principal executive office and permit any holder of any of the bonds of this series (or any prospective purchaser of any of the bonds of this series designated by the holder thereof) to inspect such Adjustment Certificate upon request.

F. If for any reason beyond the control of the Company, neither the Base Treasury Rate nor the Alternate Treasury Rate shall have been determined for any Applicable Period in accordance with the Procedures prior to the December 1 next succeeding the Adjustment Date on which such Applicable Period commences, the Company (i) will give written notice to each holder of any bonds of this series and to the Corporate Trustee, in each case within five business days after such December 1, specifying the reasons why neither the Base Treasury Rate nor the Alternate Treasury Rate shall have been so determined and (ii) will keep a copy of such notice at its principal executive office and permit any holder of any of the bonds of this series (or any prospective purchaser of any of the bonds of this series designated by the holder thereof) to inspect such notice upon request. Within 10 calendar days after the giving of such notice the Company shall designate two Banking Firms, and within ten calendar days after receipt of such notice the holders of at least 66% in amount of the bonds of this series then outstanding shall designate two Banking Firms. The four Banking Firms so designated shall, within 10 calendar days after the last of said Banking Firms shall have been so designated, designate a fifth Banking Firm. (If within such 10 calendar day period, the four Banking Firms do not agree upon the appointment of a fifth Banking Firm, then either the Company or the requisite holders, as the case may be, on behalf of

both, may request such appointment by the then President of the Association of the Bar of the City of New York (or any organization successor thereto) or in his absence, failure, refusal or inability to act, then either the Company or the requisite holders, as the case may be, may apply to the Supreme Court, New York County, for the appointment of such fifth Banking Firm and the other party shall not raise any question as to the court's full power and jurisdiction to entertain the application and make the appointment.) For purposes of this paragraph, a "Banking Firm" shall mean Morgan Guaranty Trust Company of New York or any other nationally recognized commercial bank or investment banking firm that was within the 12-month period prior to its designation actively engaged in the trading of U. S. Treasury fixed interest rate securities of the types reflected in the Treasury Criteria. Each Banking Firm so designated shall notify the Corporate Trustee and the Company in writing, not later than 10 calendar days after its designation as hereinabove provided, of the yield to maturity which, in its reasonable and good faith judgment, would then be obtainable for marketable U. S. Treasury fixed interest rate securities with a final maturity date of ten years from the date of such notice (other than securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax and securities which provide tax benefits to the holder and are priced to reflect such tax benefits and securities which were originally issued at a deep or substantial discount). The arithmetic average of said yields to maturity set forth in said notices of said five Banking Firms, times 127%, rounded to the nearest one tenth of one percentage point, shall be the Adjusted Rate with respect to such Applicable Period, and such Adjusted Rate shall be applicable for the remainder of such Applicable Period. The Company will give prompt written notice to each holder of any bonds of this series and the Corporate Trustee of such new Adjusted Rate (such notice to be accompanied by copies of the written notices of said five Banking Firms). Notwithstanding anything herein to the contrary, if the Company or the requisite holders shall fail to designate one or both Banking Firms within the time period set forth above or if any of the Banking Firms designated by the Company or the requisite holders shall refuse to participate in the selection of a fifth Banking Firm required by the third sentence of this paragraph, then the arithmetic average of the yields to maturity set forth in the written notices of the Banking Firms designated or participating, as the case may be, times

127%, rounded to the nearest one-tenth of one percentage point, shall be the Adjusted Rate with respect to such Applicable Period, and such Adjusted Rate shall be applicable for the remainder of such Applicable Period.

3. The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

4. This bond is transferable as prescribed in the Mortgage by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, together with a written instrument of transfer, if required by the Company, duly executed by the registered owner or by his duly authorized attorney, and, thereupon, a new fully registered bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. Subject to the foregoing provisions, as to the person entitled to receive payment of interest hereon, the Company and the Trustees may deem and treat the person in whose name this bond is registered as the holder and the absolute owner hereof for the purpose of receiving payment and for all other purposes, and neither the Company nor the Trustees shall be affected by any notice to the contrary.

5. In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of fully registered bonds of the same series or other authorized denominations.

6. The bonds of this series are redeemable (as more fully set forth in the supplemental indenture dated as of August 1, 1982 to the Mortgage) at the option of the Company or pursuant to the requirements of the Mortgage at any time (or from time to time) on or after November 1, 1996 and prior to maturity, either as a whole or in part, upon notice (which may be made subject to the receipt of the redemption moneys by the Corporate Trustee before the date fixed for redemption) mailed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, at the following general redemption prices, expressed in percentages of the principal amount of the bonds to be redeemed:

General Redemption Prices

If redeemed during the twelve months ending on the thirty-first day of October,

1997	104.41%	2000	101.76%
1998	103.53	2001	100.88
1999	102.64	2002	100.00

in each case, together with accrued interest to the date fixed for redemption.

7. The bonds of this series are also redeemable (as more fully set forth in said supplemental indenture) at any time (or from time to time) on or after November 1, 1987 and prior to maturity, either as a whole or in part, upon like notice, by the application of cash deposited with the Corporate Trustee pursuant to the provisions of Section 64 of the Mortgage, at the following Section 64 Redemption Prices, expressed in percentages of the principal amount of the bonds to be redeemed:

Section 64 Redemption Prices

If redeemed during the twelve months ending on the thirty-first day of October,

1988	104.11%	1996	101.76%
1989	103.82	1997	101.47
1990	103.53	1998	101.18
1991	103.23	1999	100.88
1992	102.94	2000	100.59
1993	102.64	2001	100.29
1994	102.35	2002	100.00
1995	102.06		

in each case, together with accrued interest to the date fixed for redemption.

8. The bonds of this series are also redeemable (as more fully set forth in said supplemental indenture) at any time prior to maturity, as a whole but not in part, upon like notice, by the application of cash deposited with the Corporate Trustee pursuant to the provisions of Section 87 of the Mortgage, at the Special Redemption Price equal to the principal amount of the bonds

to be redeemed together with accrued interest to the date fixed for redemption.

9. As provided in the Mortgage, the Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten days next preceding any interest payment date for bonds of such series, or next preceding any designation of bonds of such series to be redeemed, and the Company shall not be required to make transfers or exchanges of any bonds designated in whole or in part for redemption.

10. No recourse shall be had for the payment of principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

11. The right, if any, of the Company to assert the defense of usury against a holder or holders of bonds of this series shall be determined only under the laws of the State of New York.

This bond shall not become obligatory until Morgan Guaranty Trust Company of New York, the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, PACIFIC POWER & LIGHT COMPANY has caused this bond to be signed in its corporate name by its Chairman of the Board or its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries by his signature or a facsimile thereof, on

Attest:

PACIFIC POWER & LIGHT COMPANY,

By:

Secretary

Chairman of the Board

CORPORATE TRUSTEE'S AUTHENTICATION CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,

As Corporate Trustee,

Authorized Officer

STATE OF NEW YORK
COUNTY OF ...
I HEREBY CERTIFY THAT THE WITHIN
NOTED ...

PACIFIC POWER & LIGHT COMPANY

PORTLAND, OREGON

1945 SEP 13 52

MTG

501

J.M. Allen

J. M. Allen