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EXECUTED IN 70 COUNTERTYPES OF
WHICH THIS IS COUNTERPART NO. 2-

BOOK 67 PAGE 140

THE WASHINGTON WATER POWER COMPANY

TO

CITY BANK FARMERS TRUST COMPANY

AND

RALPH E. MORTON
TRUSTEES

Mortgage and Deed of Trust

Dated as of June 1, 1939

at the office or agency of the Company in..... 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 from the date hereof at the rate of per centum per annum in like coin or currency at said office or agency on and in each year, until the Company's obligation with respect to the payment of such principal shall have been discharged. Until maturity, such interest shall be paid only upon presentation and surrender of the interest coupons therefor hereto attached as they severally mature.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its Mortgage Bonds, Series, all bonds of all series issued and to be issued under and equally 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, called the Mortgage), dated as of June 1, 1939, executed by the Company to City Bank Farmers Trust Company, and Ralph E. Morton, 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 and 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-five per centum (75%) in principal amount of the bonds then outstanding under the Mortgage and, if the rights 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-five per centum (75%) in principal amount of the series of bonds so to be affected (excluding in any case bonds challenged and 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 permit an extension of the maturity of the principal of, or interest on, this bond or a reduction in such principal or the rate of interest hereon or any other modification in the terms of payment of such principal or interest or the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of a lien on the mortgaged and pledged property.

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 completed default as in the Mortgage provided.

This bond is negotiable and shall pass by delivery unless registered as to principal at the office or agency of the Company in and such registration noted hereon, after which no valid transfer hereof can be made, except at such office or agency, until after registered transfer to bearer, but after such registered transfer to bearer this bond shall be again transferable by delivery. Such registration, however, shall not affect the negotiability of the coupons, which shall always remain payable to bearer and transferable by delivery. The Company and the Trustees may deem and treat the bearer of this bond if it be not registered as to principal, or if this bond is registered as herein authorized, the person in whose name the same is registered, as the absolute owner hereof, and the bearer of any coupon hereunto attached, retaining as the absolute owner thereof, for the purpose of receiving payment and for all other purposes.

No recourse shall be had for the payment of the principal or of 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.

Neither this bond nor the coupons hereto attached shall become obligatory until City Bank Farmers Trust Company, the Corporate

Treasurer under Mortgage, or its successor hereunder, shall have signed the form of certificate endorsed hereon.

In Witness Whereof, The Washington Water Power Company has caused this bond to be signed in its corporate name by its President or one of its Vice Presidents and its corporate seal to be affixed hereto and attested by its Secretary or one of its Assistant Secretaries, and interest coupons bearing the facsimile signature of its Treasurer to be attached hereto, as of

THE WASHINGTON WATER POWER COMPANY,

By
President.

Attest:

.....
Secretary.

[GENERAL FORM OF COUPON]

No.

On THE WASHINGTON WATER POWER COMPANY will pay to bearer at its office or agency in 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, being six months' interest then due on its Mortgage Bond, Series No.

This coupon will not be payable if said bond shall have been called for previous redemption and payment of the redemption price thereof duly provided for.

.....
Treasurer.

The words "This coupon will not be payable if said bond shall have been called for previous redemption and payment of the redemption price thereof duly provided for," will appear only upon coupons to which they are applicable by reason of provisions for redemption prior to maturity contained in the bonds to which such coupons are attached.

[GENERAL FORM OF FULLY REGISTERED BOND]

THE WASHINGTON WATER POWER COMPANY

Mortgage Bond

No. Series \$

THE WASHINGTON WATER POWER COMPANY, a corporation of the State of Washington (hereinafter called the Company), for value received, hereby promises to pay to or registered assigns on at the office or agency of the Company in

..... 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 to the registered owner hereof interest thereon from the or next preceding the date of this bond, at the rate of per centum per annum in like coin or currency, at said office or agency on and in each year, until the Company's obligation with respect to the payment of such principal shall have been discharged.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its Mortgage Bonds, Series all bonds of all series issued and to be issued under and equally 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, called the

Mortgage), dated as of June 1, 1939, executed by the Company to City Bank Farmers Trust Company and Ralph E. Morton, 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 and 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-five per centum (75%) in principal amount of the bonds then outstanding under the Mortgage and, if the rights 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-five per centum (75%) in principal amount of the series of bonds so to be affected (excluding in any case bonds challenged and 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 permit an extension of the maturity of the principal of, or interest on, this bond or a reduction in such principal or the rate of interest hereon or any other modification in the terms of payment of such principal or interest or the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of a lien on the mortgaged and pledged property.

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 completed default as in the Mortgage provided.

This bond is transferable as provided 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 _____, upon surrender and cancellation of this bond, and upon payment, if the Company shall require it, of the transfer charges provided for in the Mortgage, 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. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes.

No recourse shall be had for the payment of the principal or of 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.

This bond shall not become obligatory until City Bank Farmers Trust Company, the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, THE WASHINGTON WATER POWER COMPANY has caused this bond to be signed in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be affixed hereto and attested by its Secretary or one of its Assistant Secretaries on

THE WASHINGTON WATER POWER COMPANY,

By.....

President.

Attest:

.....
Secretary.

[FORM OF CORPORATE TRUSTEE'S CERTIFICATE ON ALL BONDS]

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

CITY BANK FARMERS TRUST COMPANY,
Corporate Trustee,

By _____

and

WHEREAS, all things necessary to make this Indenture a valid, binding and legal instrument for the security of said bonds, have been performed, and the issue of said bonds, subject to the terms of this Indenture, has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That The Washington Water Power Company, in consideration of the premises and of one dollar 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 order to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued hereunder, according to their tenor and effect and the performance of all the provisions hereof (including any instruments supplemental hereto and of said bonds, have granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents doth grant, bargain, sell, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto Ralph E. Merton, and (to the extent of its legal capacity to hold the same for the purposes hereof) unto City Bank Farmers Trust Company, as Trustees, and to their successor

or successors in said trust, and to them and their successors, heirs and assigns forever, all the following described properties of the Company--that is to say:

All of the property, real, personal and mixed, of every character and wheresoever situated (except any hereinafter expressly excepted) which the Company now owns or, subject to the provisions of Section 87 hereof, may hereafter acquire prior to the satisfaction and discharge of this Indenture, as fully and completely as if herein specifically described, and including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Indenture), all lands, real estate, easements, servitudes, rights of way and leasehold and other interests in real estate; all rights to the use or appropriation of water, flowage rights, water storage rights, flooding rights, and other rights in respect of or relating to water; all plants for the generation of electricity, power houses, dams, dam sites, reservoirs, flumes, raceways, diversion works, head works, waterways, water works, water systems, gas plants, steam heat plants, hot water plants, ice or refrigeration plants, stations, substations, offices, buildings and other works and structures and the equipment thereof and all improvements, extensions and additions thereto; all generators, machinery, engines, turbines, boilers, dynamos, transformers, motors, electric machines, switchboards, regulators, meters, electrical and mechanical appliances, conduits, cables, pipes and mains; all lines and systems for the transmission and distribution of electric current, gas, steam heat or water for any purpose; all towers, mains, pipes, poles, pole lines, conduits, cables, wires, switch racks, insulators, compressors, pumps, fittings, valves and connections; all motor vehicles and automobiles; all tools, implements, apparatus, furniture, stores, supplies and equipment; all franchises (except the Company's franchise to be a corporation), licenses, permits, rights, powers and privileges; and (except as hereinafter expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature.

The property so conveyed or intended to be so conveyed hereunder shall include, but shall not be limited to, the following property, the particular description of which is intended only to aid

in the identification thereof and shall not be construed as limiting the force, effect and scope of the foregoing, namely:

FIRST.

THE ELECTRIC GENERATING PLANTS OF THE COMPANY, in the States of Washington and Idaho, including all power houses, dams, reservoirs, flumes, raceways, diversion works, head works, waterways, buildings and other works and structures forming a part of or appertaining to said generating plants and stations, or any of them, or used or enjoyed or capable of being used or enjoyed in conjunction therewith and all lands of the Company on which the same are situated, and all the Company's lands, easements and flowage rights permitting the storage of water for reservoir purposes and the flowage of lands lying along or adjacent to the Spokane River, Coeur d'Alene Lake, Coeur d'Alene River, St. Joe River, St. Maries River, Chelan River, Chelan Lake, Colville River, Similkameen River, Asotin Creek, Clearwater River, South Fork Clearwater River and Calistogall Creek, and the tributaries thereof in the States of Washington and Idaho, and all other of the Company's real estate and interests therein, rights in respect of or relating to water, machinery, equipment, appurtenances, supplies, franchises, licenses, permits and other rights and other property forming a part of or appertaining to said generating plants and stations, or any of them, or used or enjoyed or capable of being used or enjoyed in conjunction therewith, including the following situated in the State of Washington:

1. THE MONROE STREET HYDRO-ELECTRIC PLANT, situated on the Spokane River, at or near Monroe Street, in the City of Spokane, in Spokane County.
2. THE UPPER FALLS HYDRO-ELECTRIC PLANT, situated on the Spokane River, a short distance east of Post Street, in the City of Spokane, in Spokane County.
3. THE NINE MILE HYDRO-ELECTRIC PLANT, situated on the Spokane River in Spokane County, and about 9 miles down the river from the City of Spokane.

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4. THE LONG LAKE HYDRO-ELECTRIC PLANT, situated on the Spokane River in Lincoln and Stevens Counties, and about 24 miles below the Nine Mile Hydro-Electric Plant mentioned above.

5. THE LITTLE FALLS HYDRO-ELECTRIC PLANT, situated on the Spokane River in Lincoln and Stevens Counties about 5 miles below the Long Lake Hydro-Electric Plant mentioned above.

6. THE DALRENA HYDRO-ELECTRIC PLANT, situated in the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 35, Township 32 North, Range 43, E.W.M., in Pend Oreille County.

7. THE MEYERS FALLS HYDRO-ELECTRIC PLANT, situated on the Colville River in Sections 20 and 29, Township 36 North, Range 38, E.W.M., in Stevens County and that certain lease dated September 22, 1925 between Jacob A. Meyers, Elizabeth V. M. Cagle and Jessie L. Cagle, lessors, and Stevens County Power and Light Company, lessee, assigned to the Company July 1, 1931, leasing said property and the right to use falling water at said plant.

8. THE CHELAN HYDRO-ELECTRIC PLANT, situated on the Chelan River, in Chelan County and that certain license issued by the Federal Power Commission, Project No. 637, Washington, May 8, 1926, expiring May 8, 1976.

9. THE OROVILLE HYDRO-ELECTRIC PLANT, situated on the Similkameen River, in Okanogan County and that certain Department of the Interior permit, Serial No. Waterville 012740 issued January 9, 1918, expiring July 9, 1963.

And the following situated in the State of Idaho:

10. THE POST FALLS HYDRO-ELECTRIC PLANT, situated on the Spokane River, near the City or Town of Post Falls, in Kootenai County.

11. THE LEWISTON HYDRO-ELECTRIC PLANT, situated on the Clearwater River in the vicinity of the City of Lewiston, in Nez Perce County, and that certain license issued by the Federal Power Commission, Project No. 621, Idaho, June 8, 1926, expiring June 8, 1976.

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12. THE RANCHO DELA HYDRO-ELECTRIC PLANT, situated on the South Fork of the Clearwater River in Section 30, Township 30 North, Range 4, East Tropic Meridian, in Idaho County and that certain license issued by the Federal Power Commission, Project No. 204 Idaho, January 19, 1923, expiring January 19, 1973.

SECOND.

THE UNDEVELOPED OR ONLY PARTIALLY DEVELOPED POWER SITE OF THE COMPANY, including all dams, reservoirs, flumes, raceways, diversion works, head works, waterways, buildings and other works and structures forming a part of or appertaining to said sites, or any of them, or used or enjoyed or capable of being used or enjoyed in conjunction therewith, and all lands of the Company or which the same are situated, and all other of the Company's real estate and interests therein, rights in respect of or relating to water, machinery, equipment, appurtenances, supplies, franchises, licenses, permits and other rights and other property forming a part of or appertaining to said sites, or any of them, or used or enjoyed or capable of being used or enjoyed in conjunction therewith, including the following, situated in the State of Washington:

1. THE KETTLE FALLS POWER SITE, in and on the Columbia River, part in Stevens County and part in Ferry County, and in Sections 11, 12, 13 and 14, Township 36 North, Range 37, E.W.M.

2. THE STATION "K" POWER SITE, in and on the Spokane River, in Lincoln County, in Sections 10, 14 and 15, Township 27 North, Range 37, E.W.M.

3. THE BOWL AND PITCHER POWER SITE, in and on the Spokane River, in Spokane County, west of and near the City of Spokane, in Sections 3 and 4, Township 25 North, Range 42, E.W.M.

4. THE STOOLEIRE POWER SITE, in and on the Spokane River, in Spokane County, west of and near the City of Spokane, in Lots 6 to 12, both inclusive, in Section 28 and Lots 1 to 5,

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both inclusive, in Section 33, and the S. E. 1/4 of S. E. 1/4 of Section 33 and Lot 3 of Section 34, all in Township 26 North, Range 42, E.W.M.

5. THE Methow Power Site, in and on the Methow River, in Okanogan County, in Lots 2 and 3 in Section 34, Township 20 North, Range 23, E.W.M.

THIRD.

THE ELECTRIC SUB-STATIONS AND SUB-STATION SITES OF THE COMPANY, in the States of Washington and Idaho, including all buildings, structures, towers, poles, equipment, appliances and devices for transforming, converting and distributing electric energy, and the lands of the Company on which the same are situated and all of the Company's real estate and interests therein, machinery, equipment, appliances, devices, appurtenances and supplies, franchises, permits and other rights and other property forming a part of said sub-stations or any of them, or used or enjoyed or capable of being used or enjoyed in connection with any thereof, including the following situated in the State of Washington:

1. THE POST STREET ELECTRIC SUB-STATION, situated on the west side of Post Street in the City of Spokane, Spokane County.
2. THE 29TH AVENUE ELECTRIC SUB-STATION, situated on 29th Avenue, in the City of Spokane, Spokane County.
3. THE EAST SIDE ELECTRIC SUB-STATION, situated in the eastern part of the City of Spokane, Spokane County.
4. THE BRIDG STREET ELECTRIC SUB-STATION, situated on or near Bridge Street, and near the center of the City of Spokane, Spokane County.
5. THE ROSS PARK ELECTRIC SUB-STATION, situated in Ross Park Addition, in the City of Spokane, Spokane County.
6. THE NORTHWEST ELECTRIC SUB-STATION, situated on King's Hill, north of the City limits, near the City of Spokane, Spokane County.

7. THE SPOKANE CENTRAL HEATING ELECTRIC SUB-STATION, situated on or near Post Street, in the City of Spokane, Spokane County.

8. THE OPPORTUNITY ELECTRIC SUB-STATION, situated in a suburb of the City of Spokane, known as Opportunity, Spokane County.

9. THE LATAH JUNCTION ELECTRIC SUB-STATION, situated near the City of Latah, in Spokane County.

10. THE BREWSTER ELECTRIC SUB-STATION in or near the City of Brewster, in Okanogan County.

11. THE OKANOGAN ELECTRIC SUB-STATION, situated adjacent to the City of Okanogan, in Okanogan County.

12. THE STRATFORD ELECTRIC SUB-STATION, situated in or near the City of Stratford, in Grant County.

13. THE NEPPER ELECTRIC SUB-STATION, situated in or near the City of Moses Lake (formerly Neppel), in Grant County.

14. THE COULEE CITY ELECTRIC SUB-STATION, situated adjacent to the City of Coulee, in Grant County.

15. THE LIND ELECTRIC SUB-STATION, situated in or near the City of Lind, in Adams County.

16. THE COLFAX ELECTRIC SUB-STATION, situated in the City of Colfax, in Whitman County.

17. THE CLARKSTON ELECTRIC SUB-STATION, situated in the City of Clarkston, in Asotin County.

18. THE DAVENPORT ELECTRIC SUB-STATION, situated in the City of Davenport, in Lincoln County.

19. THE PULLMAN ELECTRIC SUB-STATION, situated adjacent to the City of Pullman, in Whitman County.

20. THE LEON JUNCTION ELECTRIC SUB-STATION, situated near Leon Junction, in Whitman County.

21. THE PALOUSE ELECTRIC SUB-STATION, situated in the City of Palouse, in Whitman County.

22. THE DIAMOND ELECTRIC SUB-STATION, situated near Diamond, in Whitman County.

23. THE UNIONTOWN ELECTRIC SUB-STATION, situated in the City of Uniontown, in Whitman County.
 24. THE ENDICOTT ELECTRIC SUB-STATION, situated in the City of Endicott, in Whitman County.
 25. THE LA CROSSE ELECTRIC SUB-STATION, situated in the City of La Crosse, in Whitman County.
 26. THE TEKOA ELECTRIC SUB-STATION, situated in the City of Tekoa, in Whitman County.
 27. THE ROCKFORD ELECTRIC SUB-STATION, situated in the City of Rockford, in Spokane County.
 28. THE SPRAGUE JUNCTION ELECTRIC SUB-STATION, situated near the City of Sprague, in Lincoln County.
 29. THE RITZVILLE ELECTRIC SUB-STATION, situated in the City of Ritzville, in Adams County.
 30. THE GARFIELD ELECTRIC SUB-STATION, situated adjacent to the City of Garfield, in Whitman County.
 31. THE ST. JOHN ELECTRIC SUB-STATION, situated adjacent to the City of St. John, in Whitman County.
 32. THE ALBION ELECTRIC SUB-STATION, situated adjacent to the City of Albion, in Whitman County.
 33. THE ALMIRA ELECTRIC SUB-STATION, situated adjacent to the City of Almira, in Lincoln County.
 34. THE CHENEY ELECTRIC SUB-STATION, situated in the City of Cheney, in Spokane County.
 35. THE ODESSA ELECTRIC SUB-STATION, situated in the City of Odessa, in Lincoln County.
 36. THE HARRINGTON ELECTRIC SUB-STATION, situated adjacent to the City of Harrington, in Lincoln County.
 37. THE PULLMAN CITY ELECTRIC SUB-STATION, situated in the City of Pullman, in Whitman County.
- And the following situated in the State of Idaho:
38. THE WALLACE ELECTRIC SUB-STATION, situated in or near the City of Wallace, in Shoshone County.

38. THE GOVERNMENT GULCH ELECTRIC SUB-STATION, situated on Government Gulch, in Shoshone County.

40. THE CLEARWATER TIMBER COMPANY ELECTRIC SUB-STATION, situated near the City of Lewiston, in Nez Perce County.

41. THE MOSCOW ELECTRIC SUB-STATION, situated in or near the City of Moscow, in Latah County.

42. THE JULIAETTA ELECTRIC SUB-STATION, situated in the Town of Juliaetta, in Latah County.

43. THE TROY ELECTRIC SUB-STATION, situated in the Town of Troy, in Latah County.

44. THE BOVILL ELECTRIC SUB-STATION, situated in the Town of Bovill, in Latah County.

45. THE GENESSEE ELECTRIC SUB-STATION, situated in the Town of Genessee, in Latah County.

46. THE COEUR D'ALENE ELECTRIC SUB-STATION, situated adjacent to the City of Coeur d'Alene, in Kootenai County.

47. THE COEUR D'ALENE CITY ELECTRIC SUB-STATION, situated in the City of Coeur d'Alene, in Kootenai County.

48. THE GRANGEVILLE ELECTRIC SUB-STATION, situated in the Town of Grangeville, in Idaho County.

49. THE OROFINO CITY ELECTRIC SUB-STATION, situated in the Town of Orofino, in Clearwater County.

50. THE OROFINO ELECTRIC SUB-STATION, adjacent to the Town of Orofino, in Clearwater County.

51. THE O'GARA ELECTRIC SUB-STATION, situated near the Town of Harrison, in Kootenai County.

FOURTH.

THE ELECTRIC TRANSMISSION LINES OF THE COMPANY, in the States of Washington and Idaho, including towers, poles, pole lines, wires, switch racks, insulators and appurtenances, appliances and equipment and all of the Company's other property, real, personal, or mixed, forming a part of or used, occupied or

enjoyed in connection with or in anywise appertaining to said transmission lines, or any of them, together with all rights of way, easements, permits, privileges, municipal or other franchises, licenses, consents, and rights for or relating to the construction, maintenance or operation thereof through, over, under or upon any public streets or highways or other lands, public or private, including the following:

1. THE NINE MILE-NORTHWEST SUB-STATION single circuit 60 kv. transmission line, extending from the Company's Nine Mile Hydro-Electric Plant 5.5 miles in a southeasterly direction, in Spokane County, Washington, to the Company's Northwest Electric Sub-station near the City of Spokane.

2. THE 29TH AVENUE-SPOKANE CENTRAL HEATING PLANT single circuit 60 kv. transmission line, extending from the Company's 29th Avenue Electric Sub-station about 2 miles to the Company's Spokane Central Heating Electric Sub-station, all in the City of Spokane, Washington.

3. THE SPOKANE-OPPORTUNITY single circuit 60 kv. transmission line, extending from a point on the 29th Avenue-East Side line, in an easterly direction, in Spokane County, Washington, about 5 miles to the Company's Opportunity Electric Sub-station.

4. THE 29TH AVENUE-EAST SIDE single circuit 60 kv. transmission line, extending in a northeasterly direction, in Spokane County, Washington, from the 29th Avenue Electric sub-station to the East Side Electric Sub-station, for a distance of about 8 miles.

5. THE LONG LAKE-LITTLE FALLS single circuit 60 kv. transmission line, extending from the Company's Long Lake Hydro-Electric Plant, in a westerly direction, in Stevens County and Lincoln County, Washington, for a distance of about 4 miles to the Company's Little Falls Hydro-Electric Plant.

6. THE LITTLE FALLS-29TH AVENUE double circuit 60 kv. transmission line, extending from the Company's Little Falls Hydro-Electric Plant in a southeasterly direction, in Stevens, Lincoln and Spokane Counties, Washington, for a distance of

about 28 miles, to the Company's 29th Avenue Electric Sub-station, in the City of Spokane.

7. THE LITTLE FALLS-CHEWELAH single circuit 50 kv. transmission line, extending north in Lincoln and Stevens Counties, Washington, from the Company's Little Falls Hydro-Electric Plant, through the City of Ford for a distance of about 33 miles to the Company's Chewelah Electric Sub-station.

8. THE CHEWELAH-EVANS single circuit 33 kv. transmission line, extending from the Company's Chewelah Electric Sub-station, in a northerly direction, in Stevens County, Washington, for a distance of about 43 miles through the City of Colville to the Portland Cement Company's Quarry located in Section 15, Township 37 North, Range 38, E.W.M., and with tap to the Company's Meyers Falls Hydro-Electric Plant.

9. THE LONG LAKE-EAST SIDE double circuit 110 kv. transmission line (each circuit on a separate structure), extending from the Company's Long Lake Hydro-Electric Plant, in a southeasterly direction, in Spokane and Lincoln Counties, Washington, for a distance of about 30 miles to the Company's East Side Electric Sub-station, in the City of Spokane.

10. THE KRAVATZ EAST SIDE single circuit 110 kv. transmission line, extending from the Company's Bunker Hill Electric Sub-station at Kellogg, Idaho, in a northwesterly direction, in Shoshone and Kootenai Counties, Idaho, and Spokane County, Washington, for a distance of about 65.18 miles to the Company's East Side Electric Sub-station in the City of Spokane.

11. THE POST FALLS-EAST SIDE single circuit 60 kv. transmission line, extending from the Company's Post Falls Hydro-Electric Plant, in a general westerly direction, in Kootenai County, Idaho, and Spokane County, Washington, for a distance of about 20 miles to the Company's East Side Electric Sub-station.

12. THE POST FALLS-HAYDEN LAKE single circuit 60 kv. transmission line, extending in a northeasterly direction, in Kootenai County, Idaho, from the Company's Post Falls Hydro-Electric Plant through Hayden Junction, for a distance of about

11 miles to the electric sub-station of the Post Falls Irrigation District at Hayden Lake, Idaho.

13. THE HAYDEN JUNCTION-NEWPORT single circuit 60 kv. transmission line, extending from the Company's Hayden Junction Electric Switching Station, near Coeur d'Alene, Idaho, in a northwesterly direction, in Kootenai and Bonner Counties, Idaho, and Pend Oreille County, Washington, for a distance of about 36 miles to the Mountain States Power Company's Newport Electric Sub-station.

14. THE EAST SIDE-LATAH JUNCTION single circuit 110 kv. transmission line, extending in a southerly direction, in Spokane County, Washington, from the Company's East Side Electric Sub-station, in the City of Spokane, for a distance of about 29 miles to the Company's Latah Junction Electric Sub-station, situated near the City of Latah, in Spokane County.

15. THE LATAH JUNCTION-WALLACE single circuit 110 kv. transmission line, extending from the Company's Latah Junction Electric Sub-station through the City of Kellogg, in Shoshone County, Idaho, in an easterly direction, in Spokane County, Washington, and Kootenai, Benewah and Shoshone Counties, Idaho, for a distance of about 69 miles to the Company's Wallace Electric Sub-station.

16. THE WALLACE-BURKE single circuit 110 kv. transmission line, extending in a northeasterly direction, in Shoshone County, Idaho, from the Company's Wallace Electric Sub-station, for a distance of about 6.78 miles, through the Hecla Electric Sub-station to the Company's Burke Electric Sub-station, where connection is made with the electric system of The Montana Power Company.

17. THE LONG LAKE-TAUNTON single circuit 110 kv. transmission line, extending from the Company's Long Lake Hydro-Electric Plant, in a general south and southwesterly direction, in Lincoln, Adams and Grant Counties, Washington, for a distance of about 112.859 miles through the Cities of Ritzville and Lind to the Company's Electric Switching Station at Taunton, Washington.

18. THE LONG LAKE-STRATFORD single circuit 110 kv. transmission line, extending from the Company's Long Lake Hydro-Electric Plant, in a general west and southwesterly direction, in Lincoln and Grant Counties, Washington, for a distance of about 87 miles to the Company's Stratford Electric Sub-station.

19. THE STRATFORD-TAUNTON single circuit 110 kv. transmission line, extending from the Company's Stratford Electric Sub-station, in a southerly direction, in Grant and Adams Counties, Washington, for a distance of about 44 miles through the City of Moses Lake (formerly Neppel) to the Company's Electric Switching Station at Taunton.

20. THE No. 1 CHELAN-STRATFORD single circuit 110 kv. transmission line, extending from the Company's Chelan Hydro-Electric Plant, through Coulee City and in a general southeasterly direction, in Chelan, Douglas and Grant Counties, Washington, for a distance of about 50 miles to the Company's Stratford Electric Sub-station.

21. THE No. 2 CHELAN-STRATFORD single circuit 110 kv. transmission line, extending from the Company's Chelan Hydro-Electric Plant, in a general southeasterly direction, in Chelan, Douglas and Grant Counties, Washington, for a distance of about 49 miles to the Company's Stratford Electric Sub-station.

22. THE CHELAN-OKANOGAN single circuit 110 kv. transmission line, extending from the Company's Chelan Hydro-Electric Plant, through the Town of Brewster, in a northwesterly direction in Chelan and Okanogan Counties, Washington, for a distance of about 48 miles to the Company's Electric Sub-station near the City of Okanogan, in Okanogan County, Washington.

23. THE OKANOGAN-OROVILLE single circuit 33 kv. transmission line, extending from the Company's Oroville Hydro-Electric Plant, on the Similkameen River in Section 13, Township 40 North, Range 26, E.W.M., in a general southerly direction in Okanogan County, Washington, for a distance of approximately 49.43 miles through the Cities of Oroville, Tonasket, Riverside and Omak, to the Company's Okanogan Electric Sub-station.

24. THE COULSE CITY-ALMIRA single circuit 60 kv. transmission line, extending about 19 miles in a general easterly direction, in Grant and Lincoln Counties, Washington, from the Company's Coulee City Electric Sub-station, through the City of Hurler, to the Company's Almira Electric Sub-station.

25. THE TEKOA-LATAH JUNCTION single circuit 110 kv. transmission line, extending from the City of Tekoa, in a northwesterly direction, in Spokane and Whitman Counties, Washington, for a distance of about 10 miles to the Company's Latah Junction Electric Sub-station.

26. THE PALOUSE-TEKOA single circuit 110 kv. transmission line, extending from the City of Palouse, through the cities or towns of Garfield and Belmont, in a northerly direction, in Whitman County, Washington, for a distance of about 27 miles to the City of Tekoa.

27. THE PALOUSE-MOSCOW single circuit 110 kv. transmission line, extending from the City of Palouse, in a southeasterly direction, in Whitman County, Washington, and Latah County, Idaho, for a distance of about 16 miles to the Company's Moscow Electric Sub-station.

28. THE MOSCOW-LEON JUNCTION single circuit 60 kv. transmission line, extending from Moscow Electric Sub-station, in a southerly direction, in Latah and Nez Perce Counties, Idaho, for a distance of about 15 miles to the Company's Leon Junction Electric Sub-station.

29. THE CLARKSTON-LEON JUNCTION single circuit 60 kv. transmission line, extending in a northerly direction across the Snake River from the Clarkston Sub-station in Clarkston, Washington, to the Leon Junction Electric Sub-station located just south of the north line of Nez Perce County, Idaho, a distance of about 9 miles in Nez Perce County, Idaho, and Asotin and Whitman Counties, Washington.

30. THE MOSCOW-ONOFINO single circuit 60 kv. transmission line, extending from Moscow, Idaho, in a southeasterly direction, in Latah, Nez Perce and Clearwater Counties, for a distance of

about 42.8 miles, through the Town of Juliaetta to the Company's Orofino Electric Sub-station adjacent to the Town of Orofino, Idaho.

31. THE LIND-COLFAX single circuit 110 kv. transmission line, extending from the Company's Lind Electric Sub-station, in an easterly direction, in Adams and Whitman Counties, Washington, for a distance of about 68 miles to the Company's Colfax Electric Sub-station.

32. THE PULLMAN-COLFAX single circuit 110 kv. transmission line, extending from the Company's Pullman Electric Sub-station, through the City of Albion, in a northwesterly direction, in Whitman County, Washington, for a distance of about 18 miles to the Company's Colfax Electric Sub-station.

33. THE MOSCOW-PULLMAN single circuit 110 kv. transmission line, extending from the Company's Moscow Electric Sub-station, in a westerly direction, in Latah County, Idaho, and Whitman County, Washington, for a distance of about 9 miles to the Company's Pullman Electric Sub-station adjacent to the City of Pullman.

34. THE LEWISTON HYDRO-ELECTRIC PLANT--CLARKSTON single circuit 60 kv. transmission line, extending from the Lewiston Hydro-Electric Plant to the northerly side of the Clearwater River and thence in a westerly direction in Nez Perce County, Idaho, and Whitman and Asotin Counties, Washington, for a distance of about 4.5 miles to the Company's Clarkston Electric Sub-station.

35. THE CLARKSTON-POMEROY single circuit 60 kv. transmission line, extending in a westerly direction from the Clarkston Electric Sub-station at Clarkston, Washington, to the city limits of Pomeroy, Washington, a distance of about 27.5 miles, in Asotin and Garfield Counties, Washington.

36. A single circuit 22 kv. transmission line, extending from the Lewiston Hydro-Electric Plant at Lewiston, Idaho, in a southeasterly direction through the Towns of Lapwai, Culdesac, Raubens, Craigmont, Ferdinand, Cottonwood, Penn and Grangeville to the Grangeville Hydro-Electric Plant on the Clearwater

River, a distance of approximately 81.19 miles in Nez Perce, Lewis and Idaho Counties, Idaho.

37. A single circuit 22 kv. transmission line, extending from the Craigmont Sub-station at Craigmont, Idaho, in an easterly direction through the Town of Nezperce, Idaho, to the Town of Kamiah, Idaho, a distance of approximately 23.17 miles, all in Lewis County, Idaho.

38. A single circuit 6.6 kv. transmission line, extending from Kamiah, Idaho, in a southerly direction to the Town of Kooskia, Idaho, a distance of approximately 7 miles with a 2300 volt line extension from Kooskia, Idaho, in a southerly direction to Stites, Idaho, a distance of approximately 8.5 miles, all in Idaho County, Idaho.

39. A single circuit 22 kv. transmission line, extending in a northerly direction from a point 2.3 miles east of the Town of Nezperce, Idaho, through the Town of Greer, Idaho, to Orofino, Idaho, a distance of approximately 15.62 miles, in Lewis and Clearwater Counties, Idaho.

40. THE CHELAN-HOLDEN single circuit 110 kv. transmission line, extending from the Company's Chelan Hydro-Electric Plant, in a northwesterly direction, in Chelan County, Washington, for a distance of about 52 miles, to the Howe Sound Company's Mine at Holden, on Railroad Creek near the upper end of Lake Chelan.

41. THE WEMATCHEN single circuit 110 kv. transmission line, extending from the Company's Chelan Hydro-Electric Plant, in a southerly direction in Chelan and Douglas Counties, Washington, for a distance of about 6 miles to a point in Douglas County where it connects with a Puget Sound Power & Light Company line.

42. A single circuit 22 kv. transmission line, extending from the Company's Moscow Electric Sub-station, in an easterly direction in Latah County, Idaho, a distance of about 33 miles through the Town of Troy, and to the Town of Bovill, with a branch line

about 12 miles in length extending between the Towns of Troy and Kendrick, in Latah County, Idaho.

43. A single circuit 60 kv. transmission line about 2 miles in length, extending from the Company's Frequency Station in Spokane, in an easterly direction, to a point on the East Side-29th Avenue Tie Line, all in the City of Spokane, Washington.

44. A single circuit 60 kv. transmission line about 2 miles in length, extending from the Company's Opportunity Electric Sub-station, in a northerly direction, to a point on the East Side-Post Falls transmission line, all in Spokane County, Washington.

45. A single circuit 60 kv. transmission line about 2 miles in length, extending from the Company's Palouse Electric Sub-station in the City of Palouse, in an easterly direction, to the Idaho-Washington State line, connecting at that point with a line belonging to Potlatch Forests, Inc., all in Whitman County, Washington.

FIFTH.

THE ELECTRIC DISTRIBUTING SYSTEMS OF THE COMPANY, in the States of Washington and Idaho, including towers, poles, pole lines, wires, cables, insulators and appurtenances, appliances and equipment and all of the Company's other property, real, personal, or mixed, forming a part of or used, occupied, or enjoyed in connection with or in anywise appertaining to said distributing systems or any of them, together with all rights of way, easements, permits, privileges, municipal or other franchises, licenses, consents and rights for or relating to the construction, maintenance or operation thereof through, over, under or upon any public streets or highways, or other lands, public or private, including the following:

1. THE SPOKANE DISTRIBUTING SYSTEM as constructed and equipped in the City of Spokane, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about August 9, 1894, and expires on August 9, 1944, and whatever rights the Company may have under that certain

franchise or consent granted by the city authorities by ordinance dated April 27, 1939 to the Spokane Central Heating Company to construct, maintain and operate an electric transmission and distribution system in the City of Spokane.

2. THE MILLWOOD DISTRIBUTING SYSTEM as constructed and equipped in the City of Millwood, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 5, 1928, and expires on November 5, 1953.

3. THE MEDICAL LAKE DISTRIBUTING SYSTEM as constructed and equipped in the City of Medical Lake, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 19, 1904, and expires on November 19, 2003.

4. THE REARDAN DISTRIBUTING SYSTEM as constructed and equipped in the City of Reardan, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by ordinance, which became effective on or about December 3, 1907, and expires on December 3, 1942.

5. THE DAVENPORT DISTRIBUTING SYSTEM as constructed and equipped in the City of Davenport, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about April 11, 1928, and expires on April 11, 1953.

6. THE CRESTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Creston, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about July 8, 1913, and expires on July 8, 1963.

7. THE WILBUR DISTRIBUTING SYSTEM as constructed and equipped in the City of Wilbur, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became

effective on or about October 1, 1913, and expires on October 1, 1963.

8. THE ALMIRA DISTRIBUTING SYSTEM as constructed and equipped in the City of Almira, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about June 13, 1913, and expires on June 13, 1963.

9. THE HARTLINE DISTRIBUTING SYSTEM as constructed and equipped in the City of Hartline, Grant County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about July 7, 1913, and expires on July 7, 1963.

10. THE HARRINGTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Harrington, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 4, 1925, and expires on May 4, 1950.

11. THE ODESSA DISTRIBUTING SYSTEM as constructed and equipped in the City of Odessa, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about September 20, 1909, and expires on September 20, 1959.

12. THE WILSON CREEK DISTRIBUTING SYSTEM as constructed and equipped in the City of Wilson Creek, Grant County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about June 5, 1922, and expires on June 5, 1972.

13. THE MARLIN DISTRIBUTING SYSTEM as constructed and equipped in the City of Marlin (formerly Krupp), Grant County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance,

which became effective on or about May 15, 1922, and expires on May 15, 1972.

14. THE EPHRATA DISTRIBUTING SYSTEM as constructed and equipped in the City of Ephrata, Grant County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about June 19, 1922, and expires on June 19, 1972.

15. THE QUINCY DISTRIBUTING SYSTEM as constructed and equipped in the City of Quincy, Grant County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about April 2, 1917, and expires on April 2, 1967.

16. THE SPRAGUE DISTRIBUTING SYSTEM as constructed and equipped in the City of Sprague, Lincoln County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 16, 1908, and expires on May 16, 1943.

17. THE RITZVILLE DISTRIBUTING SYSTEM as constructed and equipped in the City of Ritzville, Adams County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about October 7, 1930, and expires on October 7, 1955.

18. THE LIND DISTRIBUTING SYSTEM as constructed and equipped in the City of Lind, Adams County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 13, 1928, and expires on November 13, 1953.

19. THE OTHELLO DISTRIBUTING SYSTEM as constructed and equipped in the City of Othello, Adams County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about October 13, 1930, and expires on October 13, 1980.

30. THE MANSFIELD DISTRIBUTING SYSTEM as constructed and equipped in the City of Mansfield, Douglas County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about October 11, 1915, and expires on October 11, 1940.

31. THE BRIDGEPORT DISTRIBUTING SYSTEM as constructed and equipped in the City of Bridgeport, Douglas County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 11, 1937, and expires on May 11, 1950.

32. THE LAKESIDE DISTRIBUTING SYSTEM as constructed and equipped in the City of Lakeside, Chelan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about March 5, 1923, and expires on March 5, 1973.

33. THE CHELAN DISTRIBUTING SYSTEM as constructed and equipped in the City of Chelan, Chelan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 10, 1902, and expires on November 10, 1952.

34. THE TWISP DISTRIBUTING SYSTEM as constructed and equipped in the City of Twisp, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about August 24, 1927, and expires on August 24, 1977.

35. THE BREWSTER DISTRIBUTING SYSTEM as constructed and equipped in the City of Brewster, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about January 7, 1911, and expires on January 7, 1948.

26. THE OKANOGAN DISTRIBUTING SYSTEM as constructed and equipped in the City of Okanogan, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about June 7, 1938, and expires on June 7, 1963.

27. THE OMAK DISTRIBUTING SYSTEM as constructed and equipped in the City of Omak, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about June 6, 1939, and expires on June 6, 1964.

28. THE RIVERSIDE DISTRIBUTING SYSTEM as constructed and equipped in the City of Riverside, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about February 16, 1915, and expires on February 16, 1940.

29. THE OROVILLE DISTRIBUTING SYSTEM as constructed and equipped in the City of Oroville, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about October 15, 1917, and expires on October 15, 1942.

30. THE MARCUS DISTRIBUTING SYSTEM as constructed and equipped in the City of Marcus, Stevens County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about April 25, 1911, and expires on April 25, 1961.

31. THE COLVILLE DISTRIBUTING SYSTEM as constructed and equipped in the City of Colville, Stevens County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about October 5, 1926, and expires on October 5, 1976.

32. THE KETTLE FALLS DISTRIBUTING SYSTEM as constructed and equipped in the City of Kettle Falls, Stevens County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about January 2, 1934 and expires on January 2, 1959.

33. THE ROCKFORD DISTRIBUTING SYSTEM as constructed and equipped in the City of Rockford, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 14, 1906, and expires on May 14, 1956.

34. THE FAIRFIELD DISTRIBUTING SYSTEM as constructed and equipped in the City of Fairfield, Spokane County, Washington.

35. THE LATAH DISTRIBUTING SYSTEM as constructed and equipped in the City of Latah, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about April 15, 1913, and expires on April 15, 1963.

36. THE TEKOA DISTRIBUTING SYSTEM as constructed and equipped in the City of Tekoa, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about February 2, 1931, and expires on February 2, 1956.

37. THE OAKESDALE DISTRIBUTING SYSTEM as constructed and equipped in the City of Oakesdale, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about March 2, 1931, and expires on March 2, 1956.

38. THE FARMINGTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Farmington, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about April 6, 1931, and expires on April 6, 1956.

39. THE GARFIELD DISTRIBUTING SYSTEM as constructed and equipped in the City of Garfield, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about February 3, 1931, and expires on February 3, 1956.

40. THE ELBERTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Elberton, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about February 4, 1913, and expires on February 4, 1963.

41. THE PALOUSE DISTRIBUTING SYSTEM as constructed and equipped in the City of Palouse, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by ordinance, which became effective on or about March 20, 1917, and expires on March 20, 1942.

42. THE SPANGLE DISTRIBUTING SYSTEM as constructed and equipped in the City of Spangle, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 5, 1913, and expires on May 5, 1963.

43. THE WAVENLY DISTRIBUTING SYSTEM as constructed and equipped in the City of Wavenly, Spokane County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about December 1, 1908, and expires on December 1, 1958.

44. THE ROSALIA DISTRIBUTING SYSTEM as constructed and equipped in the City of Rosalia, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about December 24, 1906, and expires on December 24, 1946.

45. THE MALDEN DISTRIBUTING SYSTEM as constructed and equipped in the City of Malden, Whitman County, Washington,

and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about February 15, 1938, and expires on February 15, 1948.

46. THE ST. JOHN DISTRIBUTING SYSTEM as constructed and equipped in the City of St. John, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 12, 1913, and expires on May 12, 1963.

47. THE ENDICOTT DISTRIBUTING SYSTEM as constructed and equipped in the City of Endicott, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about June 4, 1913, and expires on June 4, 1963.

48. THE LA CROSSE DISTRIBUTING SYSTEM as constructed and equipped in the City of La Crosse, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about October 22, 1919, and expires on October 22, 1944.

49. THE COLFAX DISTRIBUTING SYSTEM as constructed and equipped in the City of Colfax, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about March 15, 1926, and expires on March 15, 1951.

50. THE ALBION DISTRIBUTING SYSTEM as constructed and equipped in the City of Albion, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about August 2, 1920, and expires on August 2, 1970.

51. THE PULLMAN DISTRIBUTING SYSTEM as constructed and equipped in the City of Pullman, Whitman County, Washington, and that certain franchise or consent, owned by the Company and

granted by the city authorities by ordinance, which became effective on or about November 20, 1928, and expires on November 20, 1953.

52. THE COLTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Colton, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 7, 1932, and expires on November 7, 1957.

53. THE UNIONTOWN DISTRIBUTING SYSTEM as constructed and equipped in the City of Uniontown, Whitman County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 1, 1932, and expires on November 1, 1957.

54. THE CLARKSTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Clarkston, Asotin County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 10, 1925, and expires on November 10, 1975.

55. THE ASOTIN DISTRIBUTING SYSTEM as constructed and equipped in the City of Asotin, Asotin County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 17, 1925, and expires on November 17, 1975.

56. THE CUSICK DISTRIBUTING SYSTEM as constructed and equipped in the City of Cusick, Pend Oreille County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about November 26, 1934, and expires on November 26, 1959.

57. THE PATEROS DISTRIBUTING SYSTEM as constructed and equipped in the City of Pateros, Okanogan County, Washington.

58. THE TONASKET DISTRIBUTING SYSTEM as constructed and equipped in the City of Tonasket, Okanogan County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about May 12, 1931, and expires on May 12, 1956.

59. THE WASHITUONA DISTRIBUTING SYSTEM as constructed and equipped in the City of Washituna, Adams County, Washington, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about August 10, 1938, and expires on August 10, 1963.

60. THE MOSES LAKE DISTRIBUTING SYSTEM as constructed and equipped in the City of Moses Lake, Grant County, Washington, and that certain franchise or consent owned by the Company and granted by the Board of County Commissioners of Grant County on or about January 27, 1922, and expiring on January 27, 1972.

61. THE MOSCOW DISTRIBUTING SYSTEM as constructed and equipped in the City of Moscow, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about August 4, 1930, and expires on August 4, 1940.

62. THE TROY DISTRIBUTING SYSTEM as constructed and equipped in the Town of Troy, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 11, 1924, and expires on July 11, 1944.

63. THE DEARY DISTRIBUTING SYSTEM as constructed and equipped in the Town of Deary, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about October 26, 1926, and expires on October 26, 1951.

64. THE BOVILL DISTRIBUTING SYSTEM as constructed and equipped in the Town of Bovill, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted

by the town authorities by ordinance, which became effective on or about November 2, 1926, and expires on November 2, 1951.

65. THE KENDRICK DISTRIBUTING SYSTEM as constructed and equipped in the Town of Kendrick, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about October 13, 1915, and expires on October 13, 1940.

66. THE JULIAETTA DISTRIBUTING SYSTEM as constructed and equipped in the Town of Juliaetta, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about May 1, 1921, and expires on May 1, 1946.

67. THE GENESEE DISTRIBUTING SYSTEM as constructed and equipped in the City of Genesee, Latah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about April 6, 1931, and expires on April 6, 1956.

68. THE LEWISTON DISTRIBUTING SYSTEM as constructed and equipped in the City of Lewiston, Nez Perce County, Idaho, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about December 2, 1925, and expires on December 2, 1950.

69. THE LAPWAI DISTRIBUTING SYSTEM as constructed and equipped in the Town of Lapwai, Nez Perce County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about May 15, 1916, and expires on May 15, 1941.

70. THE CULDESAC DISTRIBUTING SYSTEM as constructed and equipped in the Town of Culdesac, Nez Perce County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 6, 1926, and expires on July 6, 1976.

71. THE CRAIGMONT DISTRIBUTING SYSTEM as constructed and equipped in the Town of Craigmont, Lewis County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about August 3, 1926, and expires on August 3, 1976.

72. THE NEZPERCE DISTRIBUTING SYSTEM as constructed and equipped in the Town of Nezperce, Lewis County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 8, 1926, and expires on July 8, 1976.

73. THE OROFINO DISTRIBUTING SYSTEM as constructed and equipped in the Town of Orofino, Clearwater County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 12, 1926, and expires on July 12, 1976.

74. THE KAMIAH DISTRIBUTING SYSTEM as constructed and equipped in the Town of Kamiah, Lewis County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 19, 1926, and expires on July 19, 1976.

75. THE KOOSKIA DISTRIBUTING SYSTEM as constructed and equipped in the Town of Kooskia, Idaho County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 3, 1928, and expires on July 3, 1978.

76. THE STITES DISTRIBUTING SYSTEM as constructed and equipped in the Town of Stites, Idaho County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 3, 1928, and expires on July 3, 1978.

77. THE FERDINAND DISTRIBUTING SYSTEM as constructed and equipped in the Town of Ferdinand, Idaho County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 14, 1926, and expires on July 14, 1976.

78. THE COTTONWOOD DISTRIBUTING SYSTEM as constructed and equipped in the Town of Cottonwood, Idaho County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about August 4, 1926, and expires on August 4, 1976.

79. THE GRANGEVILLE DISTRIBUTING SYSTEM as constructed and equipped in the City of Grangeville, Idaho County, Idaho, and that certain franchise or consent, owned by the Company and granted by the city authorities by ordinance, which became effective on or about August 4, 1926, and expires on August 4, 1976.

80. THE COEUR D'ALENE DISTRIBUTING SYSTEM as constructed and equipped in the City of Coeur d'Alene, Kootenai County, Idaho, and that certain franchise or consent, granted by the Village (now City) of Coeur d'Alene, by Ordinance No. 94, approved on or about October 19, 1903, and which expires on October 19, 1953.

81. THE POST FALLS DISTRIBUTING SYSTEM as constructed and equipped in the Town of Post Falls, Kootenai County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about February 8, 1938, and expires on February 8, 1963.

82. THE ST. MARIES DISTRIBUTING SYSTEM as constructed and equipped in the Town of St. Maries, Benewah County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about July 26, 1909, and expires on July 26, 1959.

83. THE RATHDRUM DISTRIBUTING SYSTEM as constructed and equipped in the Town of Rathdrum, Kootenai County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about February 23, 1938, and expires on February 23, 1963.

84. THE REUBENS DISTRIBUTING SYSTEM as constructed and equipped in the Town of Reubens, Lewis County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about August 2, 1926, and expires on August 2, 1976.

85. THE WINCHESTER DISTRIBUTING SYSTEM as constructed and equipped in the Town of Winchester, Lewis County, Idaho, and that certain franchise or consent, owned by the Company and granted by the town authorities by ordinance, which became effective on or about August 5, 1936, and expires on August 5, 1961.

86. The electric distribution lines and electric sub-stations of the Company as constructed and equipped outside of the incorporated communities above mentioned in the Counties of Pend Oreille, Stevens, Okanogan, Chelan, Douglas, Grant, Adams, Lincoln, Spokane, Whitman, Asotin, and Franklin, State of Washington, and Kootenai, Shoshone, Latah, Nez Perce, Clearwater, Idaho, Lewis, and Benewah, State of Idaho, and all those certain franchises or consents owned by the Company and granted by the authorities of said Counties.

87. All other franchises, permits and consents under which any of said systems is or may be operated.

SIXTH.

BUSINESS OFFICE AND MISCELLANEOUS REAL ESTATE:

1. A parcel of land, including the building thereon in which is located the principal office of the Company, situate at the southeast corner of Lincoln Street and Trent Avenue, Spokane, Spokane County, Washington, described as follows:

That certain tract in the Southeast Quarter of the Southwest Quarter of Section 18, Township 25 North, Range 43, E.W.M., in the City of Spokane, Washington, more particularly described as follows: Beginning at the intersection of the south line of Trent Avenue and the east line of Lincoln Street in said

City of Spokane; thence south along the east line of Lincoln Street 150.88 feet more or less; thence easterly parallel to the north line of Main Avenue 125 feet; thence northerly parallel to the east line of Lincoln Street to a point 300 feet south of the south line of Trent Avenue; thence east parallel to the south line of Trent Avenue 15 feet; thence north parallel to the east line of Lincoln Street 50 feet; thence west parallel to the south line of Trent Avenue 15 feet; thence north parallel to the east line of Lincoln Street 50 feet to the south line of Trent Avenue; thence west on the south line of Trent Avenue 125 feet to the point of beginning.

2. Lots D, E and F of Hartson's Subdivision of Lot 4, Block 7 of Hartson's and Townsend's Highland Park Addition to Spokane, Spokane County, Washington.

3. An irregular tract in Tract "D", Dennis and Bradley's Addition to Spokane, Spokane County, Washington, more particularly described as follows:

That part of Tract "D" of Dennis and Bradley's Addition to Spokane Falls (now Spokane) described as follows: Beginning at the point where the north line of Sprague Avenue intersects the west line of Perry Street; thence west along the north line of Sprague Avenue 25 feet; thence north parallel to the west line of Perry Street 100 feet; thence west parallel to the north line of Sprague Avenue 395 feet; thence north parallel to the west line of Perry Street 171.6 feet; thence running in a southeasterly direction in a straight line to a point which lies 250 feet north of the north line of Sprague Avenue and 370 feet west of the west line of Perry Street; thence east on a line parallel to and 250 feet north of the north line of Sprague Avenue 370 feet to a point on the west line of Perry Street; thence south on the west line of Perry Street 250 feet to the point of beginning.

4. The northerly 92.75 feet of Lot 11, Block 3, Resurvey and Addition to Spokane Falls (now Spokane), Spokane County, Washington.

5. The north 150 feet of the west 100 feet of Block 164, Plat of Opportunity, Spokane County, Washington.

6. The south 135 feet of Lots 15 and 16, Block 2, Manito Park Addition to Spokane, Spokane County, Washington.

7. Lots 1 and 2, Block 2, Alta Vista Addition to Spokane, Spokane County, Washington.

8. The property which is known as the Central Tract property and includes part of the lands mentioned as power plant property under Monroe Street and Spokane Upper Falls Power Stations, more particularly described as follows:

An irregular tract in Section 18, Township 25 North, Range 43 E.W.M. in the City of Spokane, County of Spokane, State of Washington, described as follows: Beginning at the center of Section 18, Township 25 North, Range 43 E.W.M., thence South $89^{\circ} 39'$ East along the center line of said section 132.16 feet; thence South $9^{\circ} 18'$ East 47.78 feet; thence North $87^{\circ} 02'$ East to a point on the west boundary of Howard Street in the City of Spokane; thence northerly along said west boundary of Howard Street to a point where the west boundary of Howard Street intersects the southerly line of the right of way of the St. Paul, Minneapolis and Manitoba Railway; thence Southeasterly along the South boundary line of the St. Paul, Minneapolis and Manitoba Railway to an intersection of the East line of Howard Street; thence Southerly along the Easterly boundary of Howard Street to a point where the Easterly boundary of said Howard Street intersects with the high water mark of the Spokane River; thence North $49^{\circ} 54'$ East for a distance of 60.27 feet to a point; thence North $83^{\circ} 19'$ East along the high water mark of the Spokane River for a distance of 71.7 feet, more or less, to a point on the Southerly boundary of the St. Paul, Minneapolis and Manitoba Railway right of way; thence Southeasterly along the Southerly boundary of the St. Paul, Minneapolis and Manitoba Railway to a point at which said Southerly boundary intersects the Westerly boundary of Washington Street; thence Southerly along the Westerly boundary of Washington Street to the point at which said Westerly boundary of Washington Street intersects the Northerly boundary of Havermale Avenue; thence South $65^{\circ} 53'$ West along the Northerly boundary of Havermale Avenue for a distance of 226.06 feet to a point; thence North

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24° 07' West for a distance of 150 feet to a point; thence South
 65° 53' West for a distance of 80 feet to a point; thence South
 24° 07' East for a distance of 150 feet to a point on the North-
 erly boundary of Havermale Avenue; thence South 65° 53' West
 along the northerly boundary of Havermale Avenue for a dis-
 tance of 341.79 feet to an iron pin set in the rock; thence South
 50° 16' West along the northerly boundary of Havermale Ave-
 nue for a distance of 48.11 feet to an iron pin set in the rock;
 thence South 73° 26' E. for a distance of 30.14 feet to a point;
 thence South 24° 12' E. for a distance of 53.8 feet, more or
 less, to a point on the southerly boundary of Havermale Ave-
 nue; thence South 50° 16' West for a distance of 120 feet along
 the southerly boundary of Havermale Avenue, and extension
 thereto, to a point; thence North 21° 33' West for a distance
 of 39.48 feet to a point which is at the intersection of the center
 lines of Havermale Avenue produced and Howard Street; thence
 North 42° 4' West for a distance of 57.36 feet to a point; thence
 North 78° 06' West for a distance of 66.72 feet to a point; thence
 North 87° 37' West for a distance of 151.19 feet, more or less,
 to a point on the north and south center line of Section 15,
 Township 25 North, Range 43 E.W.M.; thence South 6° 29'
 West along the north and south center line of said Section 15
 for a distance of 194.74 feet to a point; thence South 33° 17' E.
 for a distance of 85.0 feet to a point; thence S. 64° 32' E. for
 a distance of 159.1 feet to a point on the westerly line of Howard
 Street; thence S. 5° 06' W. along the westerly line of Howard
 Street for a distance of 126.71 feet to a point 238.35 feet north
 of and measured at right angles to the north line of Treat Ave-
 nue; thence westerly parallel to the north line of Treat Avenue
 for a distance of 241.61 feet to a point on the northerly boundary
 of Wall Street; thence along the northerly boundary of Wall
 Street N. 41° 47' W. for a distance of 436.74 feet to the inter-
 section of the northerly boundary of Wall Street and the east-
 erly boundary of Post Street; thence north along the easterly
 boundary of Post Street for a distance of 13.5 feet to a point;
 thence N. 41° 47' W. for a distance of 112.43 feet to a point on
 the west boundary of Post Street; thence south along the west
 boundary of Post Street to a point 20 feet south of the northeast

corner of Lot 6, Block 14 Resurvey and Extension of Post's Addition to Spokane Falls, now Spokane; thence in a westerly direction for a distance of 180 feet along a line parallel to and 20 feet south of the north boundary; and north boundary produced of said Lot 6, Block 14 of Resurvey and Extension of Post's Addition, to a point on the west line of Flume Street; thence in a southerly direction along the west line of Flume Street for a distance of 30 feet to the northeast corner of Lot 5, Block 15 of Resurvey and Extension of Post's Addition; thence west along the north line of said Lot 5, Block 15 of Resurvey and Extension of Post's Addition for a distance of 94.2 feet to a point; thence S. $32^{\circ} 12'$ W. for a distance of 111 feet to a point; thence South $46^{\circ} 38'$ W. for a distance of 173.6 feet to a point; thence S. $0^{\circ} 02'$ W. for a distance of 24.79 feet to a point 12 feet north of the north line of Trent Avenue extended west; thence east along a line parallel to and 12 feet north of said north line of Trent Avenue produced west for a distance of 214.48 feet to a point; thence S. $0^{\circ} 02'$ W. for a distance of 12 feet to a point on the north line of Trent Avenue; thence west along the south line of Trent Avenue and Trent Avenue extended west to a point 50 feet west of the S.W. corner of Lot 1, Block 15 Resurvey and Extension of Post's Addition; thence south $0^{\circ} 02'$ W. 20 feet along the west line of Lincoln St. as now located to a point; thence in a westerly direction, for a distance of 469.73 feet, more or less, along a line parallel to and 20 feet south of the north line of Trent Avenue produced to a point in the center of the Spokane River; thence in a southwesterly direction along the center line of the Spokane River to the point of intersection of said center line of the Spokane River with the west line of the east $\frac{1}{2}$ of the southwest $\frac{1}{4}$ Section 18, T. 25 N., R. 43 E.W.M.; thence northerly along the west line of the east $\frac{1}{2}$ of the southwest $\frac{1}{4}$ of said Section 18, for a distance of 261 feet, more or less, to a point on the north bank of the Spokane River 40.25 feet south of the northwest corner of southeast $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of said Section 18; thence N. $74^{\circ} 50'$ E. for a distance of 39.95 feet to a point; thence N. $59^{\circ} 21'$ E. for a distance of 21.62 feet to a point; thence N. $6^{\circ} 46'$ W. for a distance of 28.60 feet to a

point; thence N. $41^{\circ} 19'$ E. for a distance of 46.60 feet to a point; thence N. $79^{\circ} 59'$ E. for a distance of 46.03 feet to a point; thence N. $33^{\circ} 38'$ E. for a distance of 11.84 feet to a point on the west line of Monroe Street; thence north along the west line of Monroe Street for a distance of 359.95 feet to a point on the south line of Ide Avenue; thence N. $89^{\circ} 57\frac{1}{2}'$ E. for a distance of 75 feet to the east line of Monroe Street; thence along the east line of Monroe Street to a point 62.5 feet south of the intersection of the east line of Monroe Street and the south line of Bridge Avenue; thence easterly for a distance of 130 feet along a line parallel to and 62.5 feet south of the south line of Bridge Avenue to a point; thence south along a line parallel to and 130 feet distant from the east line of Monroe Street for a distance of 57.5 feet; thence N. $89^{\circ} 57\frac{1}{2}'$ E. for a distance of 44.1 feet; thence N. $67^{\circ} 22'$ E. for a distance of 63.1 feet; thence N. $6^{\circ} 04' 30''$ W. for a distance of 96.2 feet to a point on the south line of Bridge Avenue; thence N. $89^{\circ} 57\frac{1}{2}'$ E. along the south line of Bridge Avenue to its intersection with the northerly bank of the Spokane River; thence northerly along the northerly bank of the Spokane River to its intersection with the north line of Bridge Avenue; thence west along the north line of Bridge Avenue for a distance of 5.02 feet to an iron pin, which pin is 83.4 feet east of the east line of Lincoln Street; thence N. $16^{\circ} 42'$ east for a distance of 35.61 feet to a tile monument; thence in a northwesterly direction along a $9^{\circ} 30'$ curve for a distance of 96.13 feet to a tile monument on the east line of Lincoln Street and 54.64 feet north of the north line of Bridge Avenue; thence northerly along the east line of Lincoln Street for a distance of 65.36 feet to a tile monument; thence westerly along the south line produced of Lot 22, Block 12 of Resurvey and Extension of Post's Addition to Spokane Falls, now Spokane, and along the south line of Lots 22 and 16 of said Block 12 to a point 20 feet west of the southeast corner of said Lot 16, Block 12; thence northerly for a distance of 60 feet along a line parallel to and 20 feet west of the east line of said Lot 16, Block 12, to a point on the north line of said Lot 16, Block 12; thence easterly for a distance of 140 feet along the north lines of said Lots 16 and 22, Block 12, to the northeast corner of said Lot 22, Block 12; thence

northerly for a distance of 60 feet along the east line of Lot 23, Block 12, of the Resurvey and Extension of Post's Addition, to the Northeast Corner of said Lot 23, Block 12; thence westerly along the north line of said Lot 23, Block 12, to the northwest corner of said Lot 23, Block 12; thence northerly along the west line of Lot 24, Block 12, to the northwest corner of said Lot 24; thence in a westerly direction for a distance of 30 feet along the south line of Lot 13, Block 12, to a point; thence in a northerly direction for a distance of 120 feet along a line parallel to and 30 feet distant from the east line of Lots 13 and 12 of said Block 12, to a point on the north line of Lot 12, Block 12; thence easterly for a distance of 50 feet along the north line of Lot 12, Block 12, and the north line of Lot 26, Block 12, to a point 20 feet east of the northwest corner of said Lot 26, Block 12; thence northerly for a distance of 120 feet along a line parallel to and 20 feet distant from the west line of Lot 9, Block 12, to a point on the north line of said Lot 9; thence easterly for a distance of 100 feet along the north line of Lots 9 and 8, Block 12, Resurvey and Extension of Post's Addition, to the northeast corner of Lot 8, Block 12; thence northerly for a distance of 16 feet to the southeast corner of Lot 1, Block 12; thence easterly for a distance of 75 feet to the southwest corner of Lot 5, Block 13, Resurvey and Extension of Post's Addition; thence southerly for a distance of 107 feet along the west line extended of said Lot 5 to an iron monument; thence S. 75° W. for a distance of 60 feet to a point; thence easterly for a distance of 94.04 feet on a line parallel to the south line of Broadway Avenue to a point; thence N. 75° E. for a distance of 49.7 feet to an iron monument; thence N. 52° 58½' E. for a distance of 50.09 feet; thence N. 56° 28½' E. for a distance of 71.94 feet; thence N. 0° 02½' W. for a distance of 39.75 feet to the Southeast Corner of Lot 1, Block 13, Resurvey and Extension of Post's Addition; thence easterly for a distance of 33.55 feet along the south line of said Lot 1 produced to a point; thence N. 0° 36' 30" E. for a distance of 181.93 feet to a tile monument, said monument being on the east and west center line of Section 18, T. 25 N., R. 43 E., W.M.; thence S. 89° 59' E. for a distance of 394.85 feet to the point of beginning; subject to easements granted to the Great

Northern Railway Company, the O. W. R. & N. Railway, and St. Paul, Minneapolis and Manitoba Railway and for railroad right of way and subject to easements to the City of Spokane for street purposes and sewer lines.

Also, a tract of land described as follows: Beginning at the intersection of the center line of Washington Street and the south line of the northwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 18, T. 25 N., R. 43 E., W.M.; thence N. $89^{\circ} 44'$ W. along the said south line of the northwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 18 to an intersection with the west line of Washington Street; thence northerly along the west line of Washington Street 26.45 feet to a point 228.35 feet north of and measured at right angles to the north line of Trent Avenue; thence westerly parallel to the north line of Trent Avenue 300.92 feet to the east line of Stevens Street; thence southerly along the east line of Stevens Street 25.35 feet to the said south line of the northwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of said Section 18; thence N. $89^{\circ} 44'$ W. along the said south line of the northwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ to the west line of Stevens Street; thence northerly along the west line of Stevens Street 25.07 feet to a point 228.35 feet north of and measured at right angles to the north line of Trent Avenue; thence westerly parallel to the north line of Trent Avenue 293.57 feet to the east line of Howard Street; thence northerly along the east line of Howard Street to a point 330.00 feet north of and measured at right angles to the north line of Trent Avenue; thence easterly and parallel to the north line of Trent Avenue to the center line of Washington Street; thence southerly along the center line of Washington Street to the place of beginning.

Also a tract of land described as follows: Commencing at the point of intersection of the northerly boundary of the right of way of the St. Paul, Minneapolis and Manitoba Railway with the west line of Washington Street; thence northerly along the west line of Washington Street to a point 20 feet north of the east and west center line of Section 18, T. 25 N., R. 43 E., W.M.; thence westerly along a line parallel to and 20 feet north of the east and west center line of said Section 18, to the point of intersection of said line with the northerly boundary of the right of way of the St. Paul, Minneapolis and Manitoba Railway; thence

southeasterly along the northern boundary of the St. Paul, Minneapolis and Manitoba Railway right of way to the point of beginning.

Also a triangular tract of land described as follows: Beginning at the point where the north line of Mallon Avenue in the City of Spokane intersects the southerly line of the right of way of the St. Paul, Minneapolis and Manitoba Railway; thence northwesterly along said right of way line to its intersection with the north and south center line of Section 18, T. 25 N., R. 43 E., W.M.; thence South on said center line to the north line of Mallon Avenue; thence east on the north line of Mallon Avenue to the point of beginning.

Also an irregular tract of land in and along the Spokane River, described as follows: Beginning at the southwest corner of Block 3 of what was formerly known as Riverfront Addition to Spokane Falls, now Spokane; thence in an easterly direction to a point on the west line of Lot 5, Block 7, Riverfront Addition to Spokane Falls, now Spokane, said point being 68 feet south of the northwest corner of said Lot 5; thence in a southeasterly direction to the southeast corner of Lot 3, Block 7; thence southeasterly to a point on the easterly boundary extended of said Block 7, and 50 feet south of the southeast corner of said Block 7; thence easterly to a point on the east line of Section 18, T. 25 N., R. 43 E., W.M., said point being 59.5 feet south of the point where the south line of Block 6 of said Riverfront Addition extended will intersect said east line of said Section 18; thence south along said section line to the center of the main channel of the Spokane River; thence westerly down the center of the main channel of said River to a point on the west line of Washington Street; thence south along the west line of Washington Street to a point which lies 330 feet north of the north line of vacated Ferry Avenue; thence west parallel with said north line of vacated Ferry Avenue 100 feet; thence north parallel to the west line of Washington Street 180 feet more or less to the center of the main channel of the Spokane River; thence westerly down the center of said main channel to a point 150 feet east of the most easterly point of the big island; thence in a southerly and southwesterly direction along the center line of the main and

south channels of the said River to a point on the dividing line extended of Lots 42 and 43, Havermale's Island; thence in a straight line in a westerly direction to the southeasterly corner of Lot 42 of said Island; thence following the easterly end lines and sinuosities thereof of Lots Nos. 41, 41, 40, 39, 38, 37, 36, 35, 34, 33 and 32 of said Island to a point; thence following the northerly lines of Lots 32 and of McBroom Street (now vacated) and the northerly lines of Lots 31, 25 and 24, to the intersection of the northerly line of Lot 24 of said Island, and the westerly line of the right of way of the St. Paul, Minneapolis and Manitoba Railway Co.; thence in a straight line northwesterly along the southwesterly boundary of said right of way of the St. Paul, Minneapolis and Manitoba Railway Co. to a point due east of the most northerly point of Lot 20 of said Island; thence due west to the said most northerly point of said Lot 20; thence northerly along the east line of Washington Street to a point 15.8 feet southerly from the natural bank of the north channel of the Spokane River; thence northeasterly turning to the right through an angle of $66^{\circ} 33'$ with the last mentioned course 30.1 feet to the natural shore line of said north channel of the Spokane River; thence in an easterly direction along the south line of Block 2 of what was formerly known as Pittwood's Addition to Spokane Falls, now Spokane, to the place of beginning.

Except all of Lincoln Street, between Bridge Avenue and Broadway Avenue, and the following described tract:

That parcel or tract of unplatted land situated in the Northwest Quarter of the Southeast Quarter of Section Eighteen, Township 25 North, Range 43 E.W.M., on the island between the North and Middle Channels of the Spokane River in the City of Spokane, County of Spokane, State of Washington, and which is more particularly described as follows, to-wit:

Commence at a City Engineer's monument, a cross on a steel pin, which is the center of Section 18, T. 25 N., R. 43 E.W.M., thence S. $89^{\circ} 39'$ E. a distance of 299.85 feet on the north line of the NW $\frac{1}{4}$, SE $\frac{1}{4}$ to the intersection of the center line of Howard Street; thence S. $10^{\circ} 24' 30''$ W. a distance of 211.32 feet on the center line of Howard Street; thence at right angles N. 79°

35° 30' W. 30 feet to a point marked by + in concrete on the west line of Howard Street; which point is the true place of beginning; thence S. 64° 52' W. 106.85 feet to a point which bears N. 32° 35' W. 152.36 feet from the City Engineer's monument located in the center of Howard Street about 18 feet north of the north end of the bridge over the middle channel of the Spokane River; thence S. 63° 49' W. 73.03 feet to a point marked by iron pin; thence S. 66° 34' W. 76.71 feet; thence N. 77° 38' W. 85.32 feet to a point marked by + in rock; thence S. 71° 38' W. 160.32 feet to a point marked by iron pin; thence S. 27° 20' W. 86.06 feet to a point marked by hole in rock; thence S. 1° 09' E. 54.47 feet to a point marked by iron pin; thence S. 73° 40' E. 45.51 feet to a point marked by iron pin; thence N. 84° 10' E. 121.13 feet to a point marked by iron pin; thence N. 78° 44' E. 138.81 feet to a point marked by iron pin; thence N. 75° 59' E. 165.50 feet to a point on the west line of Howard Street marked by an iron pin; thence following the west line of Howard Street N. 1° 55' W. 45.45 feet to the angle point in Howard Street marked by + in concrete; thence N. 10° 24' 30" E. 190.86 feet to the true place of beginning, containing 76,076 square feet more or less.

9. A tract of land in the Southwest Quarter of the Northeast Quarter and the Northwest Quarter of the Southeast Quarter of Section 18, T. 25 N., R. 43 E.W.M. in the City of Spokane, County of Spokane and State of Washington, more particularly described as follows:

Beginning at a point on the east and west center line of Section 18, T. 25 N., R. 43 E.W.M., which bears S. 89° 39' E. 132.16 feet from the center of said Section; thence S. 9° 18' E. 47.78 feet; thence N. 87° 02' E. to the west line of Howard Street in the City of Spokane; thence northerly along the west line of Howard Street to the south line of Mallon Avenue; thence westerly along the south line of Mallon Avenue 107 feet; thence southerly in a straight line approximately 276 feet to a point on said east and west center line of Section 18, which lies 159 feet easterly from the center of Section 18; thence westerly on said center line 26.84 feet to the point of beginning.

10. A tract of land in the Southeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter of Section 18, T. 25 N., R. 43 E.W.M. in the City of Spokane, County of Spokane, and State of Washington, more particularly described as follows:

Beginning at the center of Section 18, T. 25 N., R. 43 E.W.M., thence westerly along the east and west center line of said section, 60 feet; thence northerly parallel to the north and south center line of said section to the south line of Mallon Avenue; thence easterly along the south line of Mallon Avenue to the north and south center line of Section 18; thence north on said center line two feet; thence east parallel with the south line of Mallon Avenue 51 feet; thence south 2 feet to the south line of Mallon Avenue; thence easterly along the south line of Mallon Avenue to a point which lies 107 feet westerly from the west line of Howard Street; thence southerly along a course which intersects the east and west center line of said Section 18 at a point 159.0 feet easterly from the center of said Section 18; thence westerly along said center line to the point of beginning.

11. A parcel of land in SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 20, Township 10 North, Range 46 E.W.M., in Asotin County, Washington, on a tract described as follows: Beginning at a point 2671.2' south and 628.62' east of the Northwest corner of Section 20, Township 10, North Range 46 E.W.M. thence North 26° 29' East 160'; thence North 39° 29' E. 125'; thence North 49° 29' East 77'; thence North 69° 17' E. 116.2'; thence North 3° 25' E. 183.4'; thence South 86° 35' East 95'; thence North 3° 25' East 840' to the north boundary of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 20; thence east along the aforesaid north boundary a distance of 30'; thence South 3° 25' West 840'; thence South 86° 35' East 239.74'; thence South 4° 27' East 213.88'; thence South 87° 56' West 127.5'; thence S. 4° 27' East 3.02'; thence S. 76° 13' West 100'; thence South 4° 27' East 127.5'; thence North 86° 05' East 93.53'; thence S. 4° 27' East 130.31'; thence North 89° 46' West 605' to the place of beginning; containing 5.58 acres more or less, all in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 20, Township 10 North, Range 46 E.W.M.

12. A one acre tract in SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, Township 25 North, Range 39 E.W.M. in Lincoln County, Washington, described as follows: Beginning at a point, four hundred and seventy five feet more or less north of and thirty feet more or less west of the southeast corner of section eight, township twenty-five north, range thirty-nine east W.M.; thence westwardly parallel to the south line of said section eight a distance of two hundred and seventeen and eight tenths feet more or less; thence southwardly a distance of two hundred feet more or less parallel to the east line of said section eight; thence eastwardly a distance of two hundred and seventeen and eight tenths feet more or less; thence northwardly thirty feet from and parallel to the east line of said section eight to the place of beginning.

13. A 1 acre tract with dwelling in E $\frac{1}{4}$ NE $\frac{1}{4}$, Section 29, Township 47 North, Range 45 E.W.M. in Whitman County, Washington, Described as follows: beginning at an iron pin bearing south thirty-seven degrees and fifty-three minutes (37 deg. 53') west from the corner of sections 28, 29, 21 and 20, in township 17 north, range 45 E.W.M., and distant therefrom two thousand forty and $\frac{43}{100}$ (2040.42) feet, more or less; thence south twenty-three (23) degrees and thirty-four (34) minutes west along the west side of the La Dow Road a distance of two hundred and forty-five (245) feet more or less to an iron pin; thence on a curve of ninety-five (95) feet radius through an angle of fifty-seven (57) degrees and forty-five (45) minutes a distance of ninety-five and $\frac{75}{100}$ (95.75) feet to an iron pin; thence south eighty-one (81) degrees and nineteen (19) minutes west along the north side of the Colfax and Palouse City Road a distance of one hundred and three (103) feet, more or less, to an iron pin; thence north twenty-three (23) degrees and thirty-four (34) minutes east a distance of three hundred eighty (380) feet, more or less, to an iron pin; thence south sixty-six (66) degrees and twenty-six (26) minutes east a distance of one hundred and thirty (130) feet, more or less, to the place of beginning, all of said described land being in the northeast quarter of section twenty-nine (29), in township seventeen (17) north, range forty-five (45) E.W.M.

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14. Lots 14, 15 and 16 and North 50 feet of lots 12 and 13, Block 6, Neilson Brothers Addition to Lind, Adams County, Washington, with brick office building thereon.

15. Lots 9 and 10, Block 39, Neilson Brothers 2nd Addition to Lind, Adams County, Washington, with frame dwelling thereon.

16. Lot 30 and North 5 feet of Lot 31, Block 5 of Clarkston, Asotin County, Washington, with office building thereon.

17. Lots 3 and 4, Block 17, Original Town of Chelan, Chelan County, Washington, with building thereon.

18. South 37 feet of Northerly 75 feet of Lots 9 and 10, Block 36, Northern Pacific Addition to Ritzville, Adams County, Washington, with building thereon.

19. Lots 1, 2 and 3, Block 68, First Addition to G. K. Reed's Plat of Coulee City, Grant County, Washington, with dwelling thereon.

20. South 90 feet of Lots 3 and 4, Block 65, Morgan's Addition to Davenport, Lincoln County, Washington, with building thereon.

21. Lot 6, Block 23 (except South 40') Tatum and Schoonover's Addition to Odessa, Lincoln County, Washington, with building thereon.

22. Lots 5 and 6, Block 16, Resurvey and Homestead Addition to City of Wilbur, Lincoln County, Washington, with building thereon.

23. Lots 1 and 2, Block 4, City of Brewster, Okanogan County, Washington, with office building and garage thereon.

24. Lots 5, 6 and 7, Block 9, North Alma Addition to Okanogan, Okanogan County, Washington, with warehouse thereon.

25. Lots 12 and 13, Block 25, City of Oroville, Okanogan County, Washington, with office building and garage thereon.

26. Lot 13, Block 29, City of Oroville, Okanogan County, Washington, with building thereon.

27. Lots 11, 12, 13 and 14, Block 9, Original Town of Colville, Stevens County, Washington, with office building and warehouse thereon.
28. Lot 8, Block 5, Snyder's Addition to Marcus, Stevens County, Washington, with building thereon.
29. E $\frac{1}{2}$ of Lot 4, Block 2, Wiley's Addition to Palouse, Whitman County, Washington, with building thereon.
30. Lot 8, Block 2, (north of Main Street) Town of Grangeville, Idaho County, Idaho, with office building thereon.
31. Lot 1, Block 27, Town of Vollmer (now Craigmont), Lewis County, Idaho, with building thereon.
32. Lot 10, Block 2, Original Townsite of Kendrick, Latah County, Idaho, with office building thereon.
33. Lot 2, Block 14, in Town of Kamiah, Lewis County, Idaho, with office building thereon.
34. South 30 feet of Lot 6, Block 4, West Moscow Addition to Moscow, Latah County, Idaho, with office building thereon.
35. Lots 14 and 15, Block 16 (north of Highway) Sunnyside Addition to Moscow, Latah County, Idaho, with dwelling and garage thereon.
36. Lot 14, Block 1, Taylor's Addition to Moscow, Latah County, Idaho, with warehouse thereon.
37. Block 9, Chamberlin's Addition to Spokane, Spokane County, Washington.

SEVENTH.

1. The entire water supply and water distribution system in the City of Chelan and vicinity, Chelan County, State of Washington, owned and operated by the Company and all water rights owned and/or used in connection therewith together with the pipes, mains, services, meters and other equipment and appurtenances owned and/or used by the Company in supplying

water for domestic and other uses in said city and said vicinity and all franchises, permits, consents, easements and rights of way for said pipes, mains, services and appurtenances under which said system is or may be operated, including the following:

That certain franchise or consent owned by the Company and granted by ordinance by the City of Chelan, which became effective on or about November 10, 1902, and expires on November 10, 1952.

That certain franchise or consent owned by the Company and granted by the Board of County Commissioners of said Chelan County, which became effective on or about January 8, 1903, and expires January 8, 1953.

2. The entire water supply and water distribution system in the City of Coeur d'Alene, Kootenai County, Idaho, and in the suburbs thereof owned and operated by the Company and all water rights owned and/or used in connection therewith together with the pipes, mains, services, meters and other equipment and appurtenances owned and/or used by the Company in supplying water for domestic and other uses in said city and said suburbs and all franchises, permits, consents, easements and rights of way for said pipes, mains, services and appurtenances under which said system is or may be operated, including the following:

That certain franchise or consent owned by the Company, granted by Ordinance No. 93 and enacted by the Board of Trustees of the Village (now City) of Coeur d'Alene, on or about October 19, 1903, and expiring on October 19, 1953.

3. That certain water conduit or main pipe line situate, lying and being in the County of Asotin, Washington, which extends from the headgates located on Asotin Creek on the tract of land in the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 20, Township 10, North of Range 45, E.W.M.; thence in a general easterly direction along the north side of the canyon of said Asotin Creek to a point opposite the City of Asotin in said Asotin County; and thence in a general northerly and north-westerly direction to the reservoir situate in the City of Clarkston, Washington; also all pipe lines, laterals and connections

owned and used by the Company for the purpose of distributing and delivering water from said main water pipe line for irrigation and other purposes to various tracts and parcels of land along and below the grade of said main pipe line or the level of said reservoir, including the system of pipes and mains for the distribution of water for irrigation and domestic use within the limits of the City of Clarkston, in said County of Asotin; together with all of the structures and appurtenances of said water pipe lines, laterals, connections and distribution system and all of the apparatus, appliances, services, meters and other equipment owned and used in connection therewith, and all easements, franchises, permits and rights of way for the same, including the following:

That certain franchise or consent, owned by the Company and granted by the city authorities of Clarkston by ordinance, which became effective on or about May 11, 1937, and expires about May 11, 1962.

4. The entire water supply and water distribution system and business of the Company in and in the vicinity of the Town of Grangeville, Idaho County, Idaho, and all springs, waters and water rights owned and used in connection therewith, together with all pipes, mains, services, meters and other equipment and appurtenances owned and used by the Company in supplying water for domestic and other uses in said Town of Grangeville and vicinity, and all franchises, permits, easements and rights of way for said pipes, mains, services and appurtenances, including the following:

That certain franchise or consent, owned by the Company and granted by the town authorities of Grangeville by ordinance, which became effective on or about December 7, 1931, and expires about December 7, 1956.

EIGHTH.

Steam heating property of the Company, located in the City of Spokane, Spokane County, Washington.

Lots 3, 4, 5 and 6, Block 26, Railroad Addition to Spokane Falls (now Spokane), in the City of Spokane, County of Spo-

kane, State of Washington, together with buildings thereon, now occupied by the steam generating plant.

All coal and ash bunkers, conveyors, scales, boilers, pumps, blowers, piping, instruments and miscellaneous steam generating apparatus and auxiliaries, together with all steam mains, conduits, man-holes, hand-holes, valves, piping, fittings, service mains, and miscellaneous auxiliary apparatus now installed in the streets and alleys of the City of Spokane or upon customers' premises for use in supplying steam, and whatever rights the Company may have under that certain franchise or consent granted by the city authorities by ordinance dated April 27, 1939 to Spokane Central Heating Company to construct, maintain and operate a system for distribution of steam or hot water.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 87 hereof), 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 aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 hereof, all the property, rights, and franchises acquired by the Company after the date hereof (except any hereinbefore or hereinafter expressly excepted) shall be as fully embraced within the lien hereof as if such property, rights and franchises were now owned by the Company and were specifically described herein and conveyed hereby.

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 this

Indenture, viz.: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered hereunder or hereinafter covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business or for consumption in the operation of any properties of the Company; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged hereunder or hereinafter covenanted so to be; and (4) electric energy and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; provided, however, that the property and rights expressly excepted from the lien and operation of this Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event 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 XII hereof by reason of the occurrence of a Completed Default as defined in said Article XII.

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, intended so to be, unto the Individual Trustee and (to the extent of its legal capacity to hold the same for the purposes hereof) unto the Corporate Trustee, and their successors, heirs and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit and security of those who shall hold the bonds and coupons issued and to be issued hereunder, or any of them, in accordance with the terms of this Indenture, without preference, priority or distinction as to lien of any of said bonds and coupons over any others thereof by reason of priority in the time of the issue or negotiation thereof, or otherwise howsoever, subject, however, to the provisions

in reference to extended, transferred or pledged coupons and claims for interest hereinafter set forth; it being intended that the lien and security of all of said bonds and coupons of all series issued or to be issued hereunder shall take effect from the execution and delivery of this Indenture, and that the lien and security of this Indenture shall take effect from the date of execution and delivery hereof as though all of the said bonds of all series were actually authenticated and delivered and issued upon such date.

PROVIDED, HOWEVER, and these presents are upon the condition that if the Company, its successors or assigns, shall pay or cause to be paid the principal of and interest on said bonds, together with the premium, if any, payable on such of said bonds as may have been called for redemption prior to maturity, or shall provide, as permitted hereby, for the payment thereof by depositing with the Corporate Trustee the entire amount due or to become due thereon for principal, interest and premium, if any, and if the Company shall also pay or cause to be paid all other sums payable hereunder by it, then this Indenture and the estate and rights hereby granted shall cease, determine and be void, otherwise to be and remain in full force and effect.

IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that all such bonds and coupons are to be authenticated, delivered and issued, and that all property subject or to become subject hereto is to be held subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Company, for itself and its successors and assigns, does hereby covenant and agree to and with the Trustees and their successor or successors in such trust, for the benefit of those who shall hold said bonds and interest coupons, or any of them, as follows:

ARTICLE I.**Definitions.**

SECTION 1. The terms specified in the next succeeding six Sections hereof, numbered from 2 to 7, both inclusive, shall (except as herein otherwise expressly provided) for all purposes of this Indenture, and of any indenture supplemental hereto, have the meanings in such Sections specified.

SECTION 2. The term "the Company" shall mean the party of the first part hereto, THE WASHINGTON WATER POWER COMPANY, and subject to the provisions of Article XV hereof, shall also include its successors and assigns.

The term "the Trustees" shall mean the parties of the second part hereto, CITY BANK FARMERS TRUST COMPANY and RALPH E. MORTON, and, subject to the provisions of Article XVI hereof, shall also include their respective successors and assigns.

The term "the Corporate Trustee" shall mean CITY BANK FARMERS TRUST COMPANY, and, subject as aforesaid, shall also include its successors and assigns. The term "the Individual Trustee" shall mean RALPH E. MORTON, and, subject as aforesaid, shall also include his successors and assigns.

The term "this Indenture" or "the Mortgage" (the latter being referred to in the general forms of bonds) shall mean this instrument and all indentures supplemental hereto.

The terms "the Lien hereof" and "the Lien of this Indenture" shall mean the lien created by these presents (including the after-acquired property clauses hereof) and the lien created by any subsequent conveyance or delivery to or pledge with the Trustees or either of them hereunder (whether made by the Company or any other corporation or any individual or co-partnership) effectively constituting any property a part of the security held by the Trustees or either of them.

upon the terms and trusts and subject to the covenants, conditions and uses specified in this Indenture.

The term "the Mortgaged and Pledged Property" shall mean as of any particular time the property which at said time is subject or intended to be subject to the Lien of this Indenture whether such Lien be created by these presents (including the after-acquired property clauses hereof) or by subsequent conveyance or delivery to or pledge with the Trustees hereunder or otherwise.

The term "Outstanding", subject to the provisions of Sections 65 and 113 hereof, shall mean as of any particular time with respect to bonds issued or issuable under this Indenture all bonds which theretofore shall have been authenticated and delivered by the Corporate Trustee under this Indenture, except (a) bonds theretofore paid, retired, redeemed, discharged or canceled and/or for the purchase, payment and/or redemption of which money in the necessary amount shall have been deposited with or shall then be held by the Corporate Trustee with irrevocable direction so to apply the same; provided that, in the case of redemption, the notice required by Article X hereof shall have been given or have been provided for to the satisfaction of the Corporate Trustee, (b) bonds deposited with or held in pledge by the Corporate Trustee under any of the provisions of this Indenture, including any so held under any sinking or other fund, and (c) bonds authenticated and delivered hereunder, upon transfer of which or in exchange or substitution for and/or in lieu of which other bonds have been authenticated and delivered under any of the provisions of this Indenture.

The term "Daily Newspaper" shall mean a newspaper generally published at least six days a week.

SECTION 3. The term "Resolution" shall mean a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors of the Company and to be in full force and effect on the date certified.

The term "Engineer" shall mean an individual or a copartnership or a corporation engaged in an engineering business or employed by the Company to pass upon engineering questions.

The term "Treasurer's Certificate" shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company.

The term "Engineer's Certificate" shall mean a certificate signed and verified by the President or a Vice-President of the Company and by an Engineer (who may be an employee of the Company) appointed by the Board of Directors or Executive Committee of the Company and approved by the Corporate Trustee.

The term "Independent Engineer's Certificate" shall mean a certificate signed and verified by an Engineer (who shall certify to the Corporate Trustee that the signer is not in the regular employ of the Company or an affiliate thereof and is not an affiliate or a director or officer of the Company or of an affiliate) appointed by the Corporate Trustee and approved by the Board of Directors or Executive Committee of the Company.

The term "Opinion of Counsel" shall mean an opinion in writing signed by counsel (who may be of counsel to the Company) appointed by the Board of Directors or Executive Committee of the Company and approved by the Corporate Trustee.

The acceptance by the Corporate Trustee of an Engineer's Certificate, Independent Engineer's Certificate, Opinion of Counsel or appraisal shall be sufficient evidence of its appointment or approval of the signer or signers within the meaning of this Indenture.

SECTION 4. The term "Property Additions" shall mean plants, lines, pipes, mains, cables, machinery, transmission lines, pipe lines, distribution systems, service systems and supply systems, vehicles, automobiles, property, real or personal, and improvements, extensions, additions, renewals or replacements acquired by the Company by purchase, consolidation, merger, donation or in any other way whatsoever,

subsequent to May 31, 1939, or made or constructed subsequent to May 31, 1939, or in the process of construction or operation in so far as actually constructed or erected subsequent to May 31, 1939, and used or useful or to be used in or in connection with the business of generating, manufacturing, transporting, transmitting, distributing or supplying electricity or gas for light, heat, power, refrigeration or other purposes. The term "Property Additions" shall not, however, include (1) any shares of stock, bonds, evidences of indebtedness or other securities or contracts, leases, or operating agreements, bill, notes, accounts receivable, or choses in action, or (2) except as herein otherwise specifically provided, going value, good will, franchises or governmental permits or licenses granted to or acquired by the Company, as such, separate and distinct from the property operated thereunder or in connection therewith or incident thereto, or (3) any goods, wares, merchandise, equipment, materials or supplies held for the purpose of sale or resale in the usual course of business or for the purpose of consumption in the operation of any of the properties of the Company, or (4) any lands, leases, gas rights, wells, gathering, tap or other pipe lines, or equipment, used principally and primarily for the production or gathering of natural gas, or (5) any property, the cost of acquiring, making or constructing which is chargeable under accepted principles of accounting to operating expenses.

When any Property Additions are certified to the Corporate Trustee in any certificate under any of the provisions of this Indenture as the basis either of the authentication and delivery of bonds or of the release of property or the withdrawal of cash or of a credit under Section 38 or Section 39 hereof, (A) there shall be deducted from the Cost or Fair Value thereof, as the case may be, an amount equal to the Cost (or as to Property Additions the Fair Value of which at the time the same became Funded Property was less than the Cost as determined pursuant to this Section, then such Fair Value in lieu of Cost) of all Funded Property previously retired (other than the Funded Property, if any, in connection with the application for the release of which such

certificate is filed) and not theretofore deducted from the Cost or Fair Value of Property Additions theretofore certified to the Corporate Trustee and (B) there shall be added to such Cost or Fair Value, as the case may be, the sum of

(a) the principal amount of all obligations secured by purchase money mortgage and all cash (other than proceeds of such purchase money obligations) received by the Corporate Trustee or the trustee or other holder of any Prior Lien, in either case representing the proceeds of insurance on, or of the release or other disposition of, such Funded Property retired;

(b) the principal amount of any bond (a) or fraction of a bond, the right to the authentication and delivery of which under the provisions of Section 26 or Section 29 hereof shall have been waived as the basis of the release of such Funded Property retired;

(c) the Cost or Fair Value to the Company (whichever is less) of any Property Additions which shall have been made the basis of the release of such Funded Property retired; and

(d) the Cost of any Property Additions substituted (otherwise than under the release or cash withdrawal provisions hereof) for such Funded Property retired;

provided, however, that the aggregate of the amounts added under clause (B) above shall in no event exceed the amounts deducted under clause (A) above. For the purposes of the deductions required by this Section, the Cost and/or the Fair Value of Funded Property retired shall be determined as follows: (1) in the case of property which was owned by The Washington Water Power Company or by Spokane Central Heating Company on May 31, 1939, the Cost thereof shall be the Cost as shown on the books of the Company or, if not so separately shown, the Cost as estimated by the Company; and (2) in the case of Property Additions retired, the Cost and the Fair Value thereof, respectively, shall be the Cost and the Fair Value thereof respectively, to the Company, as shown by the Engineer's Certificate or Independent Engineer's Certificate furnished to the Corporate Trustee at the time such

Property Additions became Funded Property, or, if not separately shown in such certificate, shall be such portion of the Cost and/or the Fair Value to the Company of Property Additions shown in such certificate as shall be allocated to such Property Additions retired in any Engineer's Certificate subsequently delivered to the Corporate Trustee, and in case such Property Additions shall not have been included in any Engineer's Certificate or Independent Engineer's Certificate theretofore furnished to the Corporate Trustee, the Cost and the Fair Value thereof shall be as shown, as of the time when they became Funded Property, in an Engineer's Certificate then delivered to the Corporate Trustee.

SECTION 5. The term "Funded Property" shall mean:

(1) all property owned by The Washington Water Power Company on May 31, 1939 and all property owned by Spokane Central Heating Company on said date;

(2) all Property Additions to the extent that the same shall have been made the basis of the authentication and delivery of bonds under this Indenture;

(3) all Property Additions to the extent that the same shall have been made the basis of the release of property from the Lien of this Indenture, subject, however, to the provisions of Section 59 hereof;

(4) all Property Additions to the extent that the same shall have been substituted for Funded Property, as defined in this Section, otherwise than under the release or cash withdrawal provisions hereof;

(5) all Property Additions to the extent that the same shall have been made the basis of the withdrawal of any Funded Cash, as hereinafter defined, held by the Corporate Trustee hereunder or by the trustee or other holder of a Prior Lien as hereinafter defined, subject, however, to the provisions of Section 61 hereof;

(6) all Property Additions to the extent that the same shall have been made the basis of a credit or of the withdrawal of cash under the provisions of Section 38 hereof; and

(7) all Property Additions to the extent that the same shall have been made the basis of a credit under the provisions of Section 29 hereof.

All Funded Property that shall be retired on the books of the Company from plant account or abandoned, destroyed or released or otherwise disposed of free of the Lien of this Indenture shall for the purpose of Section 4 hereof be deemed Funded Property retired and for other purposes of this Indenture shall thereupon cease to be Funded Property but may at any time thereafter again become Funded Property. The term "Funded Cash" shall mean:

(a) cash, held by the Corporate Trustee hereunder or by the trustee or other holder of a Prior Lien as hereinafter defined, to the extent that it represents the proceeds of insurance on or the release of or the taking by eminent domain of property, or the proceeds of property purchased by any governmental body or agency or its designee upon exercise of any right which it may have to purchase the same or designate a purchaser thereof or the proceeds of the release of obligations secured by purchase money mortgage which obligations have been delivered to the Corporate Trustee or to the trustee or other holder of a Prior Lien pursuant to Article XI hereof, or the proceeds of the payment to the Corporate Trustee or to such other trustee or holder of obligations secured by purchase money mortgage which obligations have been delivered to it pursuant to Article XI hereof, subject, however, to the provisions of Section 61 hereof;

(b) cash held at any time in any sinking or improvement fund or other similar device for the retirement of bonds of one or more series issued hereunder, other than cash deposited pursuant to Section 64 hereof, but when all bonds of such one or more series shall have ceased to be Outstanding hereunder, such cash shall no longer be deemed to be or to have been Funded Cash; and

(c) any cash deposited with the Corporate Trustee under Sections 30, 38, 39, 45 and/or 58 hereof.

Section 6. The term "Excepted Encumbrances" shall mean as of any particular time any of the following:

(a) liens for taxes, assessments or governmental charges not then delinquent and liens for workman's compensation awards and similar obligations not then delinquent and undetermined liens or charges incidental to construction;

(b) any liens, neither assumed by the Company nor on which it customarily pays interest, existing upon real estate or rights in or relating to real estate acquired by the Company for substation, transmission line, transportation line, distribution line or right of way purposes;

(c) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase or recapture or to designate a purchaser of any of the property of the Company;

(d) rights reserved to or vested in others to take or receive any part of the power developed or generated by any property of the Company;

(e) easements or reservations in any property of the Company for the purpose of roads, pipe lines, transmission lines, transportation lines and other like purposes and which, as shown by an Engineer's Certificate, do not materially impair the use of such property for the purposes for which it is held by the Company;

(f) rights reserved to or vested in any municipality or public authority to control or regulate any property of the Company, or to use such property in a manner which, as shown by an Engineer's Certificate, does not materially impair the use of such property for the purposes for which it is held by the Company; or

(g) any obligations or duties, affecting the property of the Company, to any municipality or public authority with respect to any franchise, grant, license or permit.

The term "Prior Lien" shall mean any mortgage or other lien (not included in the term Excepted Encumbrances as defined in this Section)

prior to the Lien of this Indenture, existing at any particular time upon any Property Additions (so long as such Property Additions remain subject to the Lien hereof) then or theretofore made the basis under any of the provisions of this Indenture for the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 38 or Section 39 hereof. The term "Prior Lien Bonds" shall mean bonds, obligations or principal indebtedness secured by Prior Lien. The term "Outstanding" with respect to Prior Lien Bonds shall mean as of any particular time all Prior Lien Bonds theretofore authenticated and delivered by the trustee or other holder of the Prior Lien securing the same and/or, if there be no such trustee or other holder, all Prior Lien Bonds theretofore made and delivered by the maker (or his successor) of such Prior Lien, and all other Prior Lien Bonds, except (a) Prior Lien Bonds theretofore paid, retired, redeemed, discharged or cancelled, (b) Prior Lien Bonds held in pledge hereunder, (c) Prior Lien Bonds held by the trustee or other holder of a Prior Lien (under conditions such that no transfer of ownership or possession of such Prior Lien Bonds by the trustee or other holder of such Prior Lien is permissible thereunder except upon a default thereunder or except to the Corporate Trustee hereunder to be held subject to the provisions of Article IX hereof or to the trustee or other holder of a Prior Lien for cancellation or to be held unencumbered under the terms of a Prior Lien under like conditions), (d) Prior Lien Bonds for the purchase, payment or redemption of which moneys in the necessary amount shall have been deposited with or be held, with irrevocable direction so to apply, by the Corporate Trustee hereunder or by the trustee or other holder of a Prior Lien; provided that, in the case of redemption, the notice required therefor shall have been given or have been provided for to the satisfaction of the Corporate Trustee, and (e) Prior Lien Bonds upon transfer of which or in exchange or substitution for and/or in lieu of which other Prior Lien Bonds have been authenticated and delivered or made and delivered under any of the provisions of the Prior Lien securing such Prior Lien Bonds.

Section 7. The term "Net Earning Certificate" shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, stating

(A) the Net Earnings of the Company for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the first day of the month in which the application for the authentication and delivery under this Indenture of bonds then applied for is made,

specifying:

(1) its operating revenues, with the principal divisions thereof;

(2) its operating expenses, with the principal divisions thereof;

(3) the amount remaining after deducting such operating expenses from such operating revenues;

(4) its rental expenses for plants or systems not otherwise deducted from revenues or from other income in such certificate;

(5) the balance remaining after deducting such rental expenses from the amount required to be stated in such certificate by clause (3) of this Section;

(6) its rental revenues from plants or systems not otherwise included in revenues, or in other income (net) in such certificate;

(7) the sum of the amounts required to be stated in such certificate by clauses (5) and (6) of this Section;

(8) its other income (net);

(9) the sum of the amounts required to be stated in such certificate by clauses (7) and (8) of this Section;

(10) the amount, if any, by which the aggregate of (a) such other income (net) and (b) that portion of the amount required to be stated in such certificate by clause (7) of this Section which, in the opinion of the signers, is directly derived from

the operations of property (other than paving, grading and other improvements to, under or upon public highways, bridges, parks or other public properties of analogous character) not subject to the Lien of this Indenture at the date of such certificate, exceeds fifteen per centum (15%) of the sum required to be stated by clause (9) of this Section;

(11) the Net Earnings of the Company for such period of twelve (12) consecutive calendar months (being the amount remaining after deducting in such certificate the amount required to be stated by clause (10) of this Section from the sum required to be stated by clause (9) of this Section);

(B) the Annual Interest Requirements, being the interest requirements for twelve (12) months upon:

(i) all bonds Outstanding hereunder at the date of such certificate, except any for the refunding of which the bonds applied for are to be issued;

(ii) all bonds then applied for in pending applications, including the application in connection with which such certificate is made;

(iii) all bonds deposited with or held in pledge by the Corporate Trustee under any of the provisions of this Indenture under conditions such that they may be issued or reissued;

(iv) all Prior Lien Bonds which will be Outstanding immediately after the authentication of the bonds then applied for in pending applications, including the application in connection with which such certificate is made; and

(v) the principal amount of all other indebtedness (except indebtedness for the purchase, payment or redemption of which moneys in the necessary amount shall have been deposited with or be held by the Corporate Trustee or the trustee or other holder of a lien prior hereto with irrevocable direction so to apply the same; provided that, in the case of redemption, the notice required therefor shall have been given or have been provided for to the satisfaction of the Corporate Trustee), outstanding in the hands of the public on the date of such cer-

tificate and secured by lien prior or equal to the Lien of this Indenture upon property of the Company subject to the Lien of this Indenture, if said indebtedness has been assumed by the Company or if the Company customarily pays the interest upon the principal thereof.

In calculating such Net Earnings, all the Company's expenses for taxes (other than income, profits and other taxes measured by, or dependent on, net income), assessments, rentals, insurance and expenses for current repairs and maintenance, shall be included in its operating expenses, or otherwise deducted from its revenues and income; provided, however, that no provisions for renewal, replacement, depreciation, depletion or retirement of property or for property losses, or for amortization, nor expenses or provisions for interest on any of its indebtedness or for the amortization of debt discount and expense or for any improvement or sinking fund or other device for the retirement of any indebtedness, shall be required to be included in operating expenses to be deducted from, or shall be otherwise required to be deducted from its revenues or its other income.

If any of the property of the Company owned by it at the time of the making of any Net Earning Certificate shall have been acquired during or after any period for which Net Earnings of the Company are to be computed, the Net Earnings of such property (computed in the manner in this Section provided for the computation of the Net Earnings of the Company) during such period or such part of such period as shall have preceded the acquisition thereof, to the extent that the same have not otherwise been included and unless such property shall have been acquired in exchange or substitution for property the earnings of which have been included, may, at the option of the Company, be included in the Net Earnings of the Company for all purposes of this Indenture.

Net Earnings, whether of the Company, or of a particular property, shall be determined in accordance with accepted principles of accounting.

ARTICLE II

Form, Execution, Registration and Exchange of Bonds.

SECTION 8. At the option of the Company, the bonds issued hereunder may be issued in one or more series, the bonds of each series (other than the $3\frac{1}{2}\%$ Series due 1964, hereinafter in Section 19 described) maturing on such date or dates and bearing interest at such rate as the Board of Directors of the Company prior to the authentication thereof may determine. Subject to the provisions of Section 19 hereof as to the $3\frac{1}{2}\%$ Series due 1964, the form of each series of bonds issued hereunder and of the coupons to be attached to the coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company. The bonds and coupons of any one or more series may be expressed in one or more foreign languages, if also expressed in the English language. The English text shall govern the construction thereof and both or all texts shall constitute but a single obligation. The English text of the coupon bonds, coupons, fully registered bonds and the Corporate Trustee's certificate shall be respectively substantially of the tenor and purport above recited, provided, however, that the form of each series, as established by the Board of Directors, shall specify the descriptive title of the bonds (which shall contain the words "Mortgage Bond"), the designation of the series, the date of the coupon bonds of that series, the rate of interest to be borne by the bonds of that series, the coin or currency in which payable, the date or dates of maturity, the dates for the payment of interest, and a place for the payment of principal and interest. Subject to the provisions of Section 19 hereof with respect to the $3\frac{1}{2}\%$ Series due 1964, any series of bonds may also contain such provisions not inconsistent with the provisions of this Indenture as the Board of Directors may, in its discretion, cause to be inserted therein:

(a) specifying any additional place or places, either in the United States of America or, subject to the provisions of Section

18 hereof, elsewhere, for the payment of principal and/or interest and/or a place or places for the registration of bonds and/or the transfer of bonds;

(b) expressing any obligation of the Company for the payment of the principal of the bonds of that series or the interest thereon, or both, without deduction for taxes and/or for the reimbursement of taxes in case of payment by the bondholders, it being agreed that such obligation may be limited to taxes imposed by any taxing authorities of a specified class and may exclude from its operation or be limited to any specified tax or taxes or any portion thereof; and/or expressing any obligation of the Company for the creation of a sinking fund or other analogous device for the bonds of that series, and/or expressing any obligation of the Company to permit the conversion of bonds of that series into capital stock of the Company or of any other corporation of any designated class or classes;

(c) permitting the bondholders to make, at a specified place or places, any or all of the following exchanges, viz., exchanges of coupon bonds for fully registered bonds; exchanges of fully registered bonds for coupon bonds; exchanges of coupon bonds for coupon bonds of other authorized denominations; exchanges of fully registered bonds for fully registered bonds of other authorized denominations; and exchanges of bonds of one series for bonds of another series; and such privilege of exchange may in any case be made subject to such conditions, limitations or restrictions as the Board of Directors may determine and the privilege of exchange may in any case be conferred upon the holders of bonds of one or more denominations and withheld from the holders of bonds of other denominations of the same series and may in any case be conferred on the holders of fully registered bonds and withheld from the holders of coupon bonds or vice versa;

(d) reserving to the Company the right to redeem all or any part of the bonds of that series before maturity at a time or times and at a redemption price or prices to be specified in the form of bond; and/or

(c) in any other respect expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under this Indenture.

SECTION 9. Any series of bonds may be executed, authenticated and delivered originally as coupon bonds and/or as fully registered bonds, of such denomination or denominations as the Board of Directors of the Company may from time to time authorize.

SECTION 10. Every fully registered bond shall be dated as of the date of authentication (except that if any fully registered bond of any series shall be authenticated upon any interest payment date for that series, it shall be dated as of the day following) and shall bear interest from the beginning of the current interest period for that series; provided, however, that if any fully registered bond shall be authenticated and delivered upon a transfer of, or in exchange for, any bond or bonds upon which interest is in default, it shall be dated so that no gain or loss of interest shall result therefrom. The coupon bonds of each series of bonds issued hereunder shall be dated as of such date as may be determined by the Board of Directors of the Company and designated in the form established for such series.

SECTION 11. Any bond may have imprinted thereon or included therein any legend or legends required in order to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage, and the Board of Directors of the Company by Resolution may at any time amend the form of any legend to be used on bonds then Outstanding so as to comply with any such law, rule or regulation, or so as to conform to usage.

SECTION 12. In all cases in which the privilege of exchanging bonds exists and is exercised, the bonds to be exchanged shall be surrendered at such place or places as shall be designated by the Board

of Directors or Executive Committee of the Company for the purpose, with all unmatured coupons appertaining thereto (in the case of coupon bonds) and the Corporate Trustee shall authenticate and the Company shall issue in exchange therefor the bond or bonds which the bondholder making the exchange shall be entitled to receive. All bonds so surrendered for exchange shall be in bearer form or if registered, accompanied by a written instrument or instruments of transfer in form approved by the Company duly executed by the registered holder or his duly authorized attorney. All bonds so surrendered for exchange and the unmatured coupons appertaining thereto shall be canceled by the Corporate Trustee and upon the request of the Company may be cremated by the Corporate Trustee and a certificate evidencing the cremation thereof delivered to the Company. Upon every transfer of bonds as permitted by the next succeeding Section, and upon every exchange of bonds, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge required to be paid by the Company and in addition may charge a sum not exceeding Two Dollars (\$2) for each bond issued upon any such transfer or exchange which shall be paid by the party requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten (10) days next preceding any interest payment date of said series.

Section 13. The Company shall keep, at such place or places as shall be designated for the purpose, books for the registration and transfer of bonds issued hereunder, which, at all reasonable times, shall be open for inspection by the Corporate Trustee; and upon presentation for such purpose at any such place or places, the Company will register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any bonds issued under this Indenture and entitled to registration or transfer at such office. Upon the registration of any coupon bond as

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to principal, the fact of such registration shall be noted on such bond. Upon the transfer of any fully registered bond, the Corporate Trustee shall authenticate and the Company shall issue in the name of the transferee or transferees a new fully registered bond or new fully registered bonds of the same series for a like principal amount. All fully registered bonds so surrendered or transfer shall be canceled by the Corporate Trustee and delivered to the Company.

SECTION 14. All bonds issued hereunder shall, from time to time, be executed on behalf of the Company by its President or one of its Vice-Presidents and its corporate seal shall be thereunto affixed and attested by its Secretary or one of its Assistant Secretaries. The coupons to be attached to coupon bonds shall bear the facsimile signature of the present or any future Treasurer of the Company. In case any of the officers who shall have signed any bonds or attested the seal thereon, or whose facsimile signature appears on any coupons, shall cease to be such officers of the Company before the bonds so signed and/or sealed shall have been actually authenticated and delivered by the Corporate Trustee or issued by the Company, such bonds nevertheless may be authenticated, delivered and/or issued with the same force and effect as though the person or persons who signed such bonds and/or attested the seal thereon and/or whose facsimile signature appears on any coupons had not ceased to be such officer or officers of the Company. Before authenticating any coupon bonds, the Corporate Trustee shall cut off, cancel and cremate all matured coupons thereto attached, and shall deliver to the Company a certificate evidencing the cremation thereof.

SECTION 15. There may be authenticated and delivered and issued from time to time in lieu of (or in exchange for) any definitive bond or bonds authenticated under this Indenture one or more temporary typewritten, printed, lithographed or engraved bonds substantially of the tenor of the bonds hereinbefore described, with or without one or more coupons, and with or without the privilege of registration as to

principal only, or as to both principal and interest, and each temporary bond or bonds may be in such denomination or denominations as the Board of Directors of the Company may determine. Until a definitive bond or bonds secured hereby are issued in exchange therefor, each such temporary bond or bonds shall be entitled to the Lien and benefit of this Indenture. Upon the exchange by the Company of definitive coupon bonds or definitive fully registered bonds for temporary bonds (which exchange the Company shall make on request of, and without charge to, the holder, when definitive bonds are ready for delivery) such temporary bond or bonds and any unmatured coupons appertaining thereto shall be canceled by the Corporate Trustee and upon the request of the Company may be cremated by the Corporate Trustee and a certificate evidencing such cremation delivered to the Company. When and as interest is paid upon any unregistered temporary bond without coupons, the fact of such payment shall be noted thereon and interest due on any temporary bond which is represented by a coupon shall be paid only upon presentation and surrender of such coupon for cancellation. Temporary bonds without coupons of any series shall bear interest from the beginning of the current interest period for bonds of that series in which such temporary bonds without coupons shall be authenticated. The holder of one or more temporary bonds may exchange the same on the surrender thereof, for cancellation, in bearer form or, if registered, accompanied by a written instrument or instruments of transfer in form approved by the Company, duly executed by the registered holder or by his duly authorized attorney, with all unmatured coupons, if any, appertaining thereto, at the office or agency of the Company, and shall be entitled to receive a temporary bond or bonds of the same series of like aggregate principal amount of such other denominations as the Board of Directors of the Company may determine to issue in exchange.

SECTION 15. Upon receipt by the Company and the Corporate Trustee of evidence satisfactory to them, of the loss, destruction or

mutilation of any bond Outstanding hereunder and the coupons appertaining thereto, and of indemnity satisfactory to them, and upon payment, if the Company shall require it, of a reasonable charge and upon reimbursement to the Company and the Corporate Trustee of all reasonable expense incident thereto, and upon surrender and cancellation of such bond, if mutilated, and the coupons appertaining thereto, if any, the Company may execute, and the Corporate Trustee may authenticate and deliver, a new bond of like tenor and of the same series, in lieu of such lost, destroyed or mutilated bond. The Corporate Trustee shall not be liable to anyone by reason of anything done or omitted to be done by it in good faith under the provisions of this Section.

SECTION 17. No bond shall be secured hereby unless there shall be endorsed thereon the certificate of the Corporate Trustee, substantially in the form hereinbefore recited, that it is one of the bonds (or temporary bonds) of the series therein designated, herein described or provided for; and such certificate on any such bond shall be conclusive evidence that such bond has been duly authenticated and delivered and when issued will be secured hereby.

SECTION 18. The Company may provide for effecting the payment of principal of and/or interest on bonds of any series at one or more places in foreign countries, provided that such payment shall be only the stated amount of such principal and/or interest in such coin or currency of the United States of America as at the time of payment is legal tender for public or private debts, or the equivalent thereof in the appropriate local foreign currency at the buying rate at the time of such payment at such place or places for sight drafts on New York.

SECTION 19. Notwithstanding any other provisions hereof, there shall be a series of bonds designated "3½% Series due 1964" (herein sometimes referred to as the "1964 Series"), each of which shall also bear the descriptive title First Mortgage Bond, and the form thereof and of the appurtenant coupons, which shall be established by Resolu-

tion of the Board of Directors of the Company, or by officers of the Company pursuant to authority delegated by such Board of Directors, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the 1964 Series shall mature on June 1, 1964, and shall be issued as coupon bonds in the denomination of One Thousand Dollars, registerable as to principal, and as fully registered bonds in denominations of One Thousand Dollars and Ten Thousand Dollars and, at the option of the Company, in any multiple or multiples of Ten Thousand Dollars; they shall bear interest at the rate of Three and one-half per centum ($3\frac{1}{2}\%$) per annum, payable semi-annually on December 1 and June 1 of each year; the principal of and interest on each said bond to 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 shall be legal tender for public and private debts. Coupon bonds of the 1964 Series shall be dated as of June 1, 1939, and fully registered bonds of the 1964 Series shall be dated as in Section 10 hereof provided. Bonds of the 1964 Series shall be redeemable at the option of the Company in whole at any time, or in part from time to time, prior to maturity, upon notices published as provided in Section 52 hereof, at least once in each of four (4) successive calendar weeks upon any secular day of each such calendar week, which need not be the same day in each week, the first publication to be at least thirty (30) days prior to the date fixed for redemption, at the principal amounts thereof and accrued interest to such date of redemption together with premiums as follows:

9% of the principal amount of bonds redeemed before June 1, 1940;

8 $\frac{1}{2}\%$ of the principal amount of bonds redeemed on or after June 1, 1940, and before June 1, 1942;

8% of the principal amount of bonds redeemed on or after June 1, 1942, and before June 1, 1944;

7 $\frac{1}{2}\%$ of the principal amount of bonds redeemed on or after June 1, 1944, and before June 1, 1946;

7% of the principal amount of bonds redeemed on or after June 1, 1946, and before June 1, 1948;

6½% of the principal amount of bonds redeemed on or after June 1, 1948, and before June 1, 1950;

6% of the principal amount of bonds redeemed on or after June 1, 1950, and before June 1, 1952;

5½% of the principal amount of bonds redeemed on or after June 1, 1952, and before June 1, 1954;

5% of the principal amount of bonds redeemed on or after June 1, 1954, and before June 1, 1955;

4½% of the principal amount of bonds redeemed on or after June 1, 1955, and before June 1, 1956;

4% of the principal amount of bonds redeemed on or after June 1, 1956, and before June 1, 1957;

3½% of the principal amount of bonds redeemed on or after June 1, 1957, and before June 1, 1958;

3% of the principal amount of bonds redeemed on or after June 1, 1958, and before June 1, 1959;

2½% of the principal amount of bonds redeemed on or after June 1, 1959, and before June 1, 1960;

2% of the principal amount of bonds redeemed on or after June 1, 1960, and before June 1, 1961;

1½% of the principal amount of bonds redeemed on or after June 1, 1961, and before June 1, 1962;

1% of the principal amount of bonds redeemed on or after June 1, 1962, and before June 1, 1963;

Without premium if redeemed on or after June 1, 1963, and prior to maturity.

Bonds of the 1964 Series shall also be redeemable in whole at any time, or in part from time to time, prior to maturity, upon like notice, either at the option of the Company by the application of cash deposited with the Corporate Trustee pursuant to Section 39 hereof, provided that the date fixed for such redemption shall not be earlier than January 1 of the year in which such deposit of cash shall finally become due, or by the application of cash deposited with the Corporate Trustee pursuant to Section 64 hereof, at the principal amounts thereof and

accrued interest to such date of redemption, together with premiums as follows:

6% of the principal amount of bonds redeemed before June 1, 1942;

5% of the principal amount of bonds redeemed on or after June 1, 1942, and before June 1, 1955;

4½% of the principal amount of bonds redeemed on or after June 1, 1955, and before June 1, 1956;

4% of the principal amount of bonds redeemed on or after June 1, 1956, and before June 1, 1957;

3½% of the principal amount of bonds redeemed on or after June 1, 1957, and before June 1, 1958;

3% of the principal amount of bonds redeemed on or after June 1, 1958, and before June 1, 1959;

2½% of the principal amount of bonds redeemed on or after June 1, 1959, and before June 1, 1960;

2% of the principal amount of bonds redeemed on or after June 1, 1960, and before June 1, 1961;

1½% of the principal amount of bonds redeemed on or after June 1, 1961, and before June 1, 1962;

1% of the principal amount of bonds redeemed on or after June 1, 1962, and before June 1, 1963;

Without premium if redeemed on or after June 1, 1963 and prior to maturity.

At the option of the holder and upon payment of the charge therefor provided for in Section 12 hereof, any coupon bonds of the 1964 Series upon surrender thereof with all unmatured coupons appertaining thereto 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 fully registered bonds of the same series of authorized denominations; all such coupon bonds to be exchanged as aforesaid shall be in bearer form or, if registered, accompanied by a written instrument of transfer in form approved by the Company duly executed by the registered owner or by his duly authorized attorney. At the option of the registered owner, and upon pay-

ment of the charge therefor provided for in Section 12 hereof, any fully registered bonds of the 1964 Series, upon surrender thereof, for cancellation, at said office or agency of the Company together with a written instrument of transfer in form approved by the Company duly executed by the registered owner or by his duly authorized attorney, shall be exchangeable for a like aggregate principal amount of coupon bonds of the same series, with all unmatured coupons attached, or for a like aggregate principal amount of fully registered bonds of the same series of other authorized denominations. The bonds of the 1964 Series may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

The holder of any coupon bond of the 1964 Series may have the ownership thereof registered as to principal at the office or agency of the Company in the Borough of Manhattan, The City of New York, and such registration noted on such bond. After such registration no transfer of such bond shall be valid unless made at said office or agency by the registered holder in person or by his duly authorized attorney and similarly noted on such bond; but the same may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored; but such bond may again from time to time be registered or transferred to bearer in accordance with the above procedure. Such registration, however, shall not affect the negotiability of the coupons appertaining to such bonds, but every such coupon shall continue to be transferable by delivery merely and shall remain payable to bearer. Fully registered bonds of the 1964 Series shall also be transferable at said office or agency of the Company.

ARTICLE III.**General Provisions as to Issue of Bonds.**

SECTION 20. The aggregate principal amount of bonds which may be secured by this Indenture, to wit, the maximum amount of the obligations to be secured hereby, shall be One Hundred and Fifty Million Dollars (\$150,000,000) and the parties to such obligations shall be the Company, the Trustees hereunder (to the extent and as provided in this Indenture) and the respective owners of the bonds and coupons issued or to be issued hereunder; provided, however, that the foregoing limitation shall not be construed to prevent the making of further agreements by indenture supplemental hereto, pursuant to the provisions of Section 121 hereof, so that the maximum amount of the obligations to be secured by this Indenture as amended, after the making and recording of any such supplemental indenture, shall be decreased to the amount specified in the last such supplemental indenture.

SECTION 21. Nothing in this Indenture contained shall limit the power of the Board of Directors or Executive Committee of the Company to fix the price at which the bonds authenticated and delivered under any of the provisions of this Indenture may be issued, exchanged, sold or disposed of, but any or all of said bonds may be issued, exchanged, sold or disposed of upon such terms and for such considerations as the Board of Directors or Executive Committee of the Company may deem fit.

ARTICLE IV.**Initial Issue of Bonds.**

SECTION 22. Bonds of the 1964 Series for the aggregate principal amount of Twenty Two Million Dollars (\$22,000,000) shall forthwith be executed by the Company and delivered to the Corporate Trustee and

shall be authenticated by the Corporate Trustee, and delivered (whether before or after the filing or recording hereof) from time to time, in accordance with the order or orders of the Company, evidenced by a writing or writings signed by the Company by its President or one of its Vice-Presidents and its Treasurer or one of its Assistant Treasurers.

ARTICLE V.

Issuance of Bonds Upon the Basis of Property Additions.

SECTION 23. Bonds in addition to those provided for in Article IV hereof and of any one or more series may, subject to the provisions of Sections 20 and 121 hereof, from time to time be executed by the Company and delivered to the Corporate Trustee, and shall be authenticated by the Corporate Trustee and delivered from time to time in accordance with the written order or orders of the Company signed by its President or a Vice-President and its Treasurer or an Assistant Treasurer upon the basis of Property Additions, but only in accordance with and subject to the conditions, provisions and limitations set forth in the next succeeding five Sections of this Indenture, numbered from 24 to 28, both inclusive.

SECTION 24. No bonds shall be authenticated and delivered at any time under the provisions of this Article V, upon the basis of Funded Property.

SECTION 25. Bonds of any one or more series may be authenticated and delivered under the provisions of this Article V upon the basis of Property Additions for a principal amount not exceeding sixty per centum (60%) of the balance of the Cost or of the Fair Value thereof to the Company (whichever shall be less) after making any deductions and any additions required by Section 4 hereof. The Cost of any such Property Additions shall be deemed to be the sum of (1) any cash forming a part of such Cost, (2) an amount equivalent to the Fair Market Value in cash (as of the date of delivery) of any secu-

rities delivered in payment therefor or for the acquisition thereof, (3) the principal amount of any Prior Lien Bonds secured by Prior Lien upon such Property Additions Outstanding at the time of their acquisition, unless the Engineer's Certificate hereinafter in subdivision (3) of Section 28 hereof provided for shall state that the required amount has theretofore been deducted in compliance with the provisions of Section 26 hereof when other Property Additions subject to such Prior Lien shall have been made the basis under any of the provisions of this Indenture of the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 38 or Section 39 hereof, and that since the date of such deduction property of the Company has continued to be subject to such Prior Lien, and (4) to the extent that any portion of such Property Additions shall have been acquired otherwise than by the delivery of cash or securities or the assumption of Prior Lien Bonds in payment therefor, the Cost thereof shall be the Fair Value thereof to the Company as shall be stated in an Engineer's Certificate which Fair Value shall not be in excess of the cost thereof, in cash and securities and in obligations assumed, to those from whom such portion of such Property Additions shall have been acquired by the Company. The amount of the Cost of any Property Additions and the Fair Value thereof to the Company and the Fair Market Value in cash of any securities so delivered in payment therefor or for the acquisition thereof and the amount of any deductions and any additions required to be made by Section 4 hereof shall be determined for the purposes of this Article V by the appropriate certificates provided for in Section 28 hereof.

SECTION 26. In all cases in which it shall appear, from the certificates hereinafter in Section 28 hereof provided for, that Property Additions proposed to be made the basis of the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 38 or Section 39 hereof are subject to Prior Lien, the principal amount of the then Outstanding Prior Lien Bonds secured by Prior Lien thereon (in the case

of the authentication and delivery of bonds or the withdrawal of cash under Section 31 hereof or the withdrawal of cash under or a credit under Section 39 hereof) or ten sixths ($10/6$) of such principal amount (in the case of the release of property or the withdrawal of cash under Section 61 hereof or the withdrawal of cash under or a credit under Section 33 hereof) shall be deducted from the principal amount of bonds which might otherwise be authenticated or from the amount of cash which might otherwise be withdrawn or from the Fair Value of property which might otherwise be released or from the amount for which the Company might otherwise be entitled to a credit, unless such certificates shall also state that the required amount has theretofore been deducted pursuant to the provisions of this Section when other Property Additions subject to such Prior Lien have theretofore been made the basis under any of the provisions of this Indenture of the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 38 or Section 39 hereof, and that since the date of such deduction property of the Company has continued to be subject to such Prior Lien.

If, at any time after an amount equal to the principal amount of any Outstanding Prior Lien Bonds shall have been, in accordance with the provisions of this Section, deducted from the principal amount of bonds which might otherwise be authenticated and delivered hereunder, or the required amount shall have been deducted in connection with the withdrawal of cash or the release of property or the taking of a credit under the provisions of Section 38 or Section 39 hereof, the Company shall either

(a) deposit with the Corporate Trustee any such Prior Lien Bonds to be held and dealt with by the Corporate Trustee in the manner and subject to the conditions and provisions set forth in Article IX hereof; or

(b) file with the Corporate Trustee a Treasurer's Certificate to the effect that the principal amount of such Outstanding Prior Lien Bonds, (1) has been reduced, or concurrently with

the action requested will be reduced, by payment, or by the irrevocable deposit with the trustee or other holder of the Prior Lien securing the same, of moneys in the necessary amount for the purchase, payment or redemption thereof, or otherwise reduced, and that such reduction has not been, and will not be, effected by the use, by the trustee or other holder of such Prior Lien, of the proceeds (including any substitutes therefor) of, or insurance on, or proceeds of the release of, or of the taking by eminent domain of, Funded Property or the proceeds of Funded Property purchased by any governmental body or agency or its designee upon exercise of any right which it may have to purchase the same or designate a purchaser thereof or the proceeds of the release or payment of obligations (representing proceeds of the release of Funded Property) delivered to such trustee or other holder of such Prior Lien pursuant to Section 59; provided that, in the case of redemption, the notice required therefor shall have been given or have been provided for to the satisfaction of the Corporate Trustee, or (2) has been ascertained by judicial determination or otherwise to be in whole or in part invalid, and specifying the amount of reduction or the extent of the invalidity, as the case may be, supported by an Opinion of Counsel:

then, and in either such case, the Company shall be entitled to the authentication and delivery of further bonds to a principal amount equivalent to the principal amount of the Prior Lien Bonds so deposited with the Corporate Trustee, or (as the case may be) equivalent to the amount by which the principal amount of such Prior Lien Bonds shall be certified to have been and/or to be reduced or to have been ascertained to be invalid, but not exceeding in the aggregate a principal amount equivalent to the aggregate amounts deducted in compliance with the provisions of this Section.

No bonds shall be authenticated and delivered under the provisions of this Section by reason of the deposit of any Prior Lien Bonds or the payment, reduction or ascertainment of invalidity thereof to the extent that such deposit or payment, reduction or ascertainment of invalidity shall theretofore have been used as a basis, under the provi-

sions of this Section, of the authentication and delivery of bonds or to the extent that a waiver by the Company of its right to the authentication and delivery of bonds on the basis of any such deposit, payment, reduction or ascertainment of invalidity is then in effect, or by reason of the deposit of any Prior Lien Bonds with respect to which deposit the Company shall have certified that it elects not to have any bonds authenticated hereunder on the basis thereof, or by reason of the deposit of any Prior Lien Bonds with the Corporate Trustee under the provisions of Section 46 hereof. Notwithstanding any other provisions herein contained, it shall not be necessary to comply with the provisions of Section 27 hereof or to furnish any Net Earning Certificate in connection with the authentication and delivery of bonds under the foregoing provisions of this Section.

No bonds shall be authenticated and delivered under the provisions of this Article V nor Funded Cash be withdrawn nor Funded Property be released under any of the provisions of this Indenture nor credit taken under the provisions of Section 33 or Section 39 hereof upon the basis of any Property Additions subject to Prior Lien unless it shall be stated in an Engineer's Certificate accompanying the application that

(a) the principal amount of all bonds theretofore authenticated and delivered by the Corporate Trustee (including any bonds for the authentication and delivery of which application is then made) under the provisions of this Article V upon the basis of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien,

(b) the total amount of Funded Cash deposited with the Corporate Trustee under the provisions of Section 30 hereof and theretofore withdrawn (including any such Funded Cash for the withdrawal of which application is then made) under any of the provisions of this Indenture upon the basis of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien,

(c) sixty per centum (60%) of all Funded Cash (other than Funded Cash representing the proceeds of insurance on, or of the release or other disposition of, Property Additions subject

to Prior Lien) deposited with the Corporate Trustee under any of the provisions of this Indenture (other than the provisions of Section 30 hereof) and theretofore withdrawn (including any such Funded Cash for the withdrawal of which application is then made) under any of the provisions of this Indenture upon the basis of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien, and

(d) sixty per centum (60%) of the Cost or of the Fair Value to the Company (whichever is less) at the time of the release hereinafter in this clause (d) mentioned of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien, used as a basis for the release from the Lien of this Indenture of Funded Property (other than Funded Property subject to Prior Lien) or the basis of a credit under the provisions of Section 33 or Section 39 hereof,

do not in the aggregate exceed fifteen per centum (15%) of the aggregate principal amount of all bonds authenticated and delivered under this Indenture to the date of such application, including those applied for (except bonds authenticated and delivered hereunder upon transfer of which or in exchange or substitution for and/or in lieu of which other bonds have been authenticated and delivered under any of the provisions of this Indenture).

No bonds shall be authenticated and delivered under the provisions of this Article V, nor Funded Cash be withdrawn, nor Funded Property be released under any of the provisions of this Indenture, nor credit taken under the provisions of Section 33 or Section 39 hereof upon the basis of any Property Additions subject to Prior Lien, in any case unless (a) it shall be stated in an Engineer's Certificate accompanying the application that the aggregate principal amount of Outstanding Prior Lien Bonds secured by Prior Lien on such Property Additions does not exceed in principal amount fifty per centum (50%) of the Cost (which shall be computed as in Section 25 hereof provided) or of the then Fair Value to the Company (whichever shall be less) of the Property Additions subject to such Prior Lien or (b) such certifi-

case shall show that the required amount has theretofore been deducted in compliance with the provisions of this Section when other Property Additions subject to each Prior Lien shall have theretofore been made the basis under any of the provisions of this Indenture for the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 38 or Section 39 hereof and that since the date of such deduction property of the Company has continued to be subject to such Prior Lien.

The Corporate Trustee shall assume that any Property Additions subject to Prior Lien which shall have formed the basis, under any of the provisions of this Indenture, for the authentication and delivery of bonds or the withdrawal of Funded Cash or the release of Funded Property or the basis of a credit under the provisions of Section 38 or Section 39 hereof have continued to be subject to Prior Lien until the Corporate Trustee shall have received a Treasurer's Certificate (accompanied by a concurring Opinion of Counsel) to the contrary.

If at any time and from time to time, by reason either of the discharge of any Prior Lien or an increase in the aggregate amount of bonds authenticated and delivered under this Indenture, there shall be a change in the aggregate principal amount of bonds which may be authenticated and delivered within the limitations prescribed by this Section, then any bonds, which before such change were not permitted to have been authenticated and delivered by reason of such limitations, may be authenticated and delivered subject to such limitations as fixed by such change.

No bonds shall be authenticated and delivered under the provisions of this Section unless the Corporate Trustee at the time of the application for such authentication and delivery shall receive a Resolution, Treasurer's Certificate and Opinion of Counsel such as are described in subdivisions (1), (2) and (8) of Section 28 hereof, together with the officially authenticated certificates or other documents, if any, specified in such Opinion of Counsel, and, in case the bonds are to be authenticated and delivered under the provisions of the next preceding paragraph of this Section by reason of an increase in the aggregate

principal amount of bonds authenticated and delivered under this Indenture having increased the aggregate principal amount of bonds which may be authenticated and delivered within the limitations prescribed by this Section, a Net Earning Certificate showing the Net Earnings of the Company to be as required by Section 27 hereof.

SECTION 27. No bonds shall be authenticated and delivered upon the basis of Property Additions unless, as shown by a Net Earning Certificate, the Net Earnings of the Company for the period therein referred to shall have been in the aggregate at least equivalent to twice the Annual Interest Requirements as shall be specified, pursuant to the provisions of Subdivision (B) of Section 7 hereof, in such Net Earning Certificate.

SECTION 28. No bonds shall be authenticated or delivered hereunder by the Corporate Trustee upon the basis of Property Additions, until the Corporate Trustee shall have received:

(1) a Resolution requesting the Corporate Trustee to authenticate and deliver bonds, (a) specifying the principal amount of bonds called for, the series thereof and any other matters with respect hereto required by this Indenture, and (b) specifying the officer or officers of the Company to whom, or upon whose written order, such bonds shall be delivered;

(2) a Treasurer's Certificate stating that the Company is not to the knowledge of the signers in default under any of the provisions of this Indenture;

(3) an Engineer's Certificate made and dated not more than ninety (90) days prior to the date of such application, describing the Property Additions made the basis of the application in reasonable detail and stating that they are Property Additions as defined in Section 4 hereof, that such Property Additions are desirable for use in the proper conduct of the Company's business, and that such Property Additions, to the extent of the Cost or Fair Value thereof to the Company (whichever is less) made the basis of the application, do not consist of Funded Property;

stating, except as to Property Additions acquired, made or constructed wholly through the delivery of securities, that the amount of cash forming all or part of the Cost thereof was equal to or more than an amount to be stated therein; briefly describing, with respect to any Property Additions acquired, made or constructed in whole or in part through the delivery of securities, the securities so delivered and stating the date of such delivery; stating, except as to Property Additions in respect to the Fair Value to the Company of which a statement is to be made in an Independent Engineer's Certificate as provided for in subdivision (4) of this Section, that the then Fair Value to the Company of such Property Additions is equal to or more than an amount therein to be stated; stating the amounts required to be deducted and added under the provisions of Section 4 hereof; specifying the nature and extent of any Prior Lien existing upon any of such Property Additions and the principal amount of all Outstanding Prior Lien Bonds secured thereby, and further stating whether or not the required amount has heretofore been deducted in compliance with the provisions of Section 26 hereof when other Property Additions subject to such Prior Lien were made the basis under any of the provisions of this Indenture for the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 33 or Section 39 hereof and, if so, when such deduction was made and whether since the date of such deduction property of the Company has continued to be subject to such Prior Lien; and stating what part, if any, of such Property Additions includes property which has been used or operated in the public utility business by others than the Company and, if any such Property Additions include property subject to any easements or reservations for the purpose of roads, pipe lines, transmission lines, transportation lines or other like purposes, that any such easements or reservations do not prevent the use of such property for the purposes for which it is held by the Company. If any such Property Additions have been used or operated in the public utility business by others than the Company, the amount of cash stated to be all or any part of the Cost thereof may include the amount of cash forming part of the Cost

of any rights and intangible property simultaneously acquired with the same for which no separate or distinct consideration shall have been paid or apportioned, and in such case the term Property Additions as defined herein may include such rights and intangible property;

(4) in case any Property Additions are shown by the Engineer's Certificate provided for in subdivision (3) above to include property which has been used or operated in the public utility business by others than the Company and such certificate does not show the Cost to the Company to be less than one per centum (1%) of the bonds at the time Outstanding hereunder, a further and Independent Engineer's Certificate stating as to such Property Additions which have been so used or operated and (at the option of the Company) as to any other Property Additions included in the Engineer's Certificate provided for in subdivision (3) of this Section that the then aggregate Fair Value thereof to the Company in the opinion of the signer is equal to or more than an amount to be stated therein, together with the signer's report thereon which shall contain a brief statement of the conditions governing the signer's determination of such Fair Value and a brief statement of the condition, serviceability and location of such Property Additions;

(5) in case any Property Additions are shown by the Engineer's Certificate provided for in subdivision (3) above to have been acquired, made or constructed in whole or in part through the delivery of securities, a written appraisal of an appraiser or other competent person, firm or corporation (who shall certify to the Corporate Trustee that the signer is not in the regular employ of the Company or any affiliate thereof and is not an affiliate or a director or officer of the Company or of an affiliate) to be selected by the Corporate Trustee and approved by the Board of Directors or Executive Committee of the Company, stating in the opinion of the signer the Fair Market Value in cash of such securities at the time of delivery thereof in payment for or for the acquisition of such Property Additions. If any such Property Additions are shown by such Engineer's Certificate to include property which has been used

or operated in the public utility business by others than the Company, the appraised value of the securities stated to have been delivered in payment therefor or for the acquisition thereof may include the value of any portion of the securities delivered for any rights and intangible property simultaneously acquired with the same, for which no separate or distinct consideration shall have been paid or apportioned, and in such case the term Property Additions as defined herein may include such rights and intangible property;

(6) a Net Earning Certificate showing the Net Earnings of the Company to be as required by Section 27 hereof;

(7) an Opinion of Counsel stating the signer's opinion to the effect;

(a) that (except as to paving, grading and other improvements to, under or upon public highways, bridges, parks or other public property of analogous character) this Indenture is, or upon the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in said opinion, will be, a lien on all the Property Additions made the basis of such application, subject to no lien thereon prior or equal to the Lien of this Indenture, except Prior Liens and Excepted Encumbrances and, if any such Property Additions are located on any leasehold, that the Company has the right to remove the same prior to or upon the termination of such leasehold;

(b) that the Company has corporate authority and all necessary permission from governmental authorities to operate the Property Additions in respect of which such application is made; and

(c) that the general nature and extent of Prior Liens, and the principal amount of the then Outstanding Prior Lien Bonds secured thereby, if any, mentioned in the accompanying Engineer's Certificate, are correctly stated;

(8) an Opinion of Counsel stating the signer's opinion to the effect that the issue of the bonds has been duly authorized by the Company and by any and all governmental authorities

the consent of which is requisite to the legal issue of such bonds, specifying any officially authenticated certificates, or other documents, by which such consent is or may be evidenced, or that no consent of any governmental authorities is requisite;

(9) the instruments of conveyance, assignment and transfer, if any, specified in the Opinion of Counsel provided for in subdivision (7) above; and

(10) the officially authenticated certificates, or other documents, if any, specified in the Opinion of Counsel provided for in subdivision (8) above.

If, in order to render the Opinion of Counsel provided for in subdivision (7) or subdivision (8) above, the signer thereof shall deem it necessary that additional facts or matters be stated in the Engineer's Certificate provided for in subdivision (3) above, then in such event the Engineer's Certificate may state all such additional facts or matters as the signer of such Opinion of Counsel may request.

In all cases counsel and the Trustees shall be fully protected in relying upon any and all facts or matters stated in the Engineer's Certificate.

ARTICLE VI.

Issuance of Bonds Upon Retirement of Bonds Previously Outstanding Hereunder.

SECTION 29. The Corporate Trustee shall from time to time upon the written request of the Company signed by its President or a Vice-President and its Treasurer or an Assistant Treasurer authenticate and deliver bonds hereunder of a principal amount equal to the principal amount of any bonds theretofore authenticated and delivered under this Indenture (and not theretofore made the basis under any of the provisions of this Indenture for the authentication and delivery of bonds or the withdrawal of Funded Cash or the release of Funded Property or the basis of a credit under the provisions of Section 38

or Section 39 hereof) that shall have been purchased, paid, retired, redeemed or canceled or surrendered to the Corporate Trustee for cancellation or for the purchase, payment, retirement or redemption of which moneys in the necessary amount shall have been deposited with or shall then be held by the Corporate Trustee with irrevocable direction so to apply the same (provided that any such purchase, payment, retirement, redemption, cancellation or surrender of bonds shall have been, or is to be, effected otherwise than with Funded Cash, and, in the case of redemption, the notice required therefor shall have been given or have been provided for to the satisfaction of the Corporate Trustee), but only after the Corporate Trustee shall have received:

(1) a Resolution such as is described in subdivision (1) of Section 23 hereof;

(2) a Treasurer's Certificate stating (a) that the Company is not to the knowledge of the signers in default under any of the provisions of this Indenture; and (b) that bonds (the ratable principal amount (not less than the principal amount of bonds for which such request for authentication and delivery is made under this Section) have been purchased, paid, retired, redeemed or canceled or concurrently with the authentication and delivery of the bonds requested will be surrendered to the Corporate Trustee for cancellation (otherwise than upon exchanges or transfers of bonds) and/or that moneys (other than Funded Cash) in the necessary amount for the purchase, retirement, payment or redemption thereof, or then held by or will be deposited with the Corporate Trustee (with irrevocable direction so to apply the same, provided that, in the case of redemption, the notice required by Article X hereof shall have been given or have been provided for to the satisfaction of the Corporate Trustee), prior to or concurrently with the authentication and delivery of the bonds so requested, and further stating that no part of such principal amount of bonds has been theretofore made the basis under any of the provisions of this Indenture for the authentication and delivery of bonds or the withdrawal of Funded Cash or the release of Funded Property or the basis

of a credit under the provisions of Section 38 or Section 39 hereof and that none of such bonds has been retired by the use of Fanded Cash, and further stating the aggregate principal amount of all such bonds canceled or so to be surrendered for cancellation that have not theretofore been issued by the Company and the interest rate borne by each thereof not so issued; and

(3) an Opinion of Counsel such as is described in subdivision (8) of Section 28 hereof; and

(4) the officially authenticated certificates, or other documents, if any, specified in the Opinion of Counsel provided for in subdivision (3) of this Section.

In case a Net Earning Certificate, subsequent to the delivery to the Corporate Trustee of an irrevocable direction to apply moneys to any such purchase, payment, retirement and/or redemption of, or subsequent to the cancellation or surrender for cancellation of, such bonds, shall have been delivered to the Corporate Trustee pursuant to any provision of this Indenture, in which the Annual Interest Requirements on all such bonds shall not have been included, or in case the interest rate borne by any bonds theretofore authenticated by the Corporate Trustee but not issued by the Company (which are being so canceled or surrendered for cancellation) shall have been shown by the Treasurer's Certificate provided for in subdivision (2) of this Section to be less than the interest rate to be borne by the bonds the authentication and delivery of which are applied for, or in case the bonds to be refunded mature by their terms at a date more than two years after the date for authentication and delivery of the bonds applied for and such bonds are to be refunded by bonds bearing a higher interest rate, the Corporate Trustee shall also receive a Net Earning Certificate showing the Net Earnings of the Company to be as required by Section 27 hereof.

Any and all coupon bonds delivered to the Corporate Trustee pursuant to this Article shall have attached thereto all unmatured coupons appertaining thereto.

ARTICLE VII.

Issuance of Bonds Upon Deposit of Cash with Corporate Trustee.

Section 30. The Corporate Trustee shall from time to time upon the written request of the Company signed by its President or a Vice-President and its Treasurer or an Assistant Treasurer authenticate and deliver bonds upon deposit with the Corporate Trustee by the Company of cash equal to the aggregate principal amount of the bonds so requested to be authenticated and delivered but only after the Corporate Trustee shall have received:

(1) a Resolution such as is described in subdivision (1) of Section 28 hereof;

(2) a Treasurer's Certificate stating that the Company is not to the knowledge of the signers in default under any of the provisions of this Indenture;

(3) a Net Earning Certificate showing the Net Earnings of the Company to be as required by Section 27 hereof in the case of the authentication and delivery of bonds upon the basis of Property Additions;

(4) an Opinion of Counsel such as is described in subdivision (8) of Section 28 hereof; and

(5) the officially authenticated certificates, or other documents, if any, specified in the Opinion of Counsel provided for in subdivision (4) of this Section.

Section 31. All cash deposited with the Corporate Trustee under the provisions of the next preceding Section hereof shall be held by the Corporate Trustee as a part of the Morts, and and Pledge Property, and may be withdrawn from time to time by the Company, upon application of the Company to the Corporate Trustee evidenced by a Resolution, in an amount equal to the principal amount of each bond or fraction of a bond to the authentication and delivery of which the Company shall be entitled under any of the provisions of this In-

debt by virtue of compliance with all applicable provisions of this Indenture, except as hereinafter in this Section otherwise provided.

The Company shall comply with all applicable provisions of this Indenture relating to the authentication and delivery of such bond(s) or fraction of a bond except that the Company shall not be required to comply with any earning requirement or to deliver to the Corporate Trustee any Resolution, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (6) and (8) of Section 28 hereof.

Any withdrawal of cash under this Section shall operate as a waiver by the Company of its right to the authentication and delivery of bond(s) or fraction of a bond on which it is based and such bond(s) or fraction of a bond may not thereafter be authenticated and delivered hereunder, and any Property Additions which have been made the basis of any such right to the authentication and delivery of bond(s) or fraction of a bond so waived shall have the status of Funded Property and shall be deemed to have been made the basis of the withdrawal of such cash.

SECTION 32. If at any time the Company shall so direct, any sums deposited with the Corporate Trustee under the provisions of Section 30 hereof may be used or applied to the purchase or redemption of bonds in the manner and subject to the conditions provided in subdivisions (3) and (4) of Section 31 hereof; provided, however, that, except to the extent of any balance of cash resulting from the purchase of any bonds at less than the principal amount thereof, none of such cash shall be applied to the payment of more than the principal amount of any bonds so purchased or redeemed.

ARTICLE VIII.

Particular Covenants of the Company.

The Company hereby covenants as follows:

Section 33. That it is lawfully possessed of all the aforesaid Mortgaged and Pledged Property; that it will maintain and preserve the Lien of this Indenture so long as any of the bonds issued hereunder are Outstanding; and that it has good right and lawful authority to mortgage and pledge the Mortgaged and Pledged Property, as provided in and by this Indenture.

Section 34. That it will duly and punctually pay the principal of and interest and premium, if any, on all bonds Outstanding hereunder, according to the terms thereof. As the coupons appertaining to said bonds are paid they shall be canceled.

Section 35. That it will keep an office or agency, while any of the bonds issued hereunder are Outstanding, at any and all places at which the principal of or interest on any of said bonds shall be payable, where notices, presentations and demands for or upon the Company in respect of such bonds or coupons as may be payable at such places or in respect of this Indenture may be given or made, and for the payment of the principal thereof and interest thereon. The Company will from time to time give the Corporate Trustee written notice of the location of such office or offices or agency or agencies, and in case the Company shall fail to maintain such office or offices or agency or agencies or to give the Corporate Trustee written notice of the location thereof, any such notice, presentation or demand in respect of said bonds or coupons or of this Indenture may be given or made, unless other provision is expressly made herein, to or upon the Corporate Trustee at its principal office in the Borough of Manhattan, The City of New York, and the Company hereby authorizes such presentation and demand to be made to and such notice to be served on the Corporate Trustee in either

of such events and the principal of and interest on said bonds shall in such event be payable at said office of the Corporate Trustee.

SECTION 36. That it will pay all taxes and assessments and other governmental charges lawfully levied or assessed upon the Mortgaged and Pledged Property, or upon any part thereof or upon any income therefrom or upon the interest of the Trustees in the Mortgaged and Pledged Property, before the same shall become delinquent, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the Mortgaged and Pledged Property, and all covenants, terms and conditions upon or under which any of the Mortgaged and Pledged Property is held; that it will not suffer any lien to be hereafter created upon the Mortgaged and Pledged Property, or any part thereof, or the income therefrom, prior or equal to the Lien hereof, other than Excepted Encumbrances, and other than, in the case of property hereafter acquired, vendors' liens, purchase money mortgages and any lien thereon at the time of the acquisition thereof and other than, with the consent of the Corporate Trustee, any extension, renewal or refunding thereof; and within four months after any lawful claim or demand for labor, materials, supplies or other objects has become delinquent which if unpaid shall have been or might by law be given precedence over the Lien of this Indenture as a lien or charge upon any of the Mortgaged and Pledged Property, or the income therefrom, it will pay or cause to be discharged or make adequate provision to satisfy or discharge the same; provided, however, that nothing in this Section contained shall require the Company to observe or conform to any requirement of governmental authority or to cause to be paid or discharged, or to make provision for, any such lien or charge, or to pay any such tax, assessment or governmental charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings; and provided that such security for the payment of such lien, charge or tax the validity of which is so contested shall be given as the Corporate Trustee may require; and provided, further, that nothing in this Section contained shall require the Company to pay, discharge or

make provision for any lien, charge or tax the validity of which shall not be so contested if such security for the payment of such lien, charge or tax shall be given as the Corporate Trustee may require; and that, save as aforesaid, it will not suffer any matter or thing whereby the facts hereof might or could be impaired.

Section III. That it will keep or cause to be kept all the mortgaged property insured against fire to the extent that property of similar character is usually so insured by companies similarly situated and operating like properties, to a reasonable amount, by reputable insurance companies, any loss, except as to materials and supplies and motor vehicles and except any loss less than Fifty Thousand Dollars (\$50,000), to be made payable to the Corporate Trustee as its interest may appear, or to the trustee or other holder of any mortgage or other lien constituting a Prior Lien or a lien prior hereto, if the terms thereof require losses so to be made payable; or that it will, in lieu of or supplementing such insurance in whole or in part, adopt some other method or plan of protection against loss by fire at least equal in protection to the method or plan of protection against loss by fire of companies similarly situated and operating properties subject to similar or greater fire hazards or on which properties an equal or higher primary fire insurance rate has been set by reputable insurance companies; and that if it shall adopt such other method or plan, it will, except as to materials and supplies and motor vehicles and except as to any particular loss less than Fifty Thousand Dollars (\$50,000), pay to the Corporate Trustee on account of any loss sustained by reason of the destruction or damage of property by fire, an amount of cash equal to such loss less any amounts otherwise paid to the Corporate Trustee or to the trustee or other holder of any mortgage or other lien constituting a Prior Lien or a lien prior hereto, if the terms thereof require losses so to be paid. In case of the adoption of such other method or plan of protection, the Company shall also furnish to the Corporate Trustee a certificate of an actuary or other qualified person appointed by the Company and approved by the Corporate Trustee with respect to the adequacy of such method or

plan. There shall be deposited with the Corporate Trustee, once in each year and also whenever the Corporate Trustee shall make request therefor, a detailed statement, signed by the Treasurer or an Assistant Treasurer of the Company, of any fire insurance policies then outstanding and in force upon the aforesaid property, or any part thereof, except motor vehicles, including the names of the insurance companies which have issued the policies and the amounts and expiration dates thereof, together with a detailed statement, signed by the Treasurer or an Assistant Treasurer of the Company, of such other method or plan, if any. The Corporate Trustee shall be under no obligation to make any such request unless requested so to do by the holders of not less than twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder.

All moneys paid to the Corporate Trustee by the Company in accordance with this Section or received by the Corporate Trustee as proceeds of any insurance against loss or damage by fire shall, subject to the requirements of any mortgage constituting a Prior Lien or a lien prior hereto, be held by the Corporate Trustee and, subject as aforesaid, shall be paid by it to the Company to reimburse the Company for an equal amount spent in the rebuilding or renewal of the property destroyed or damaged, upon receipt by the Corporate Trustee of a Resolution requesting such reimbursement and a Treasurer's Certificate stating the amount so expended and the nature of such renewal or rebuilding and an Opinion of Counsel that the property so rebuilt or renewed is subject to the Lien hereof to the same extent as was the property so lost or damaged.

Any such money not so applied within eighteen (18) months after its receipt by the Corporate Trustee, or in respect of which notice in writing of intention to apply the same to the work of rebuilding or renewal then in progress and uncompleted shall not have been given to the Corporate Trustee by the Company within such eighteen (18) months, or which the Company shall at any time notify the Corporate Trustee is not to be so applied, shall thereafter be withdrawn, used

or applied in the manner, to the extent and for the purposes and subject to the conditions provided in Section 61 hereof.

Section 38. That it will, within ninety (90) days after the close of the calendar year ending December 31, 1939, and within ninety (90) days after the close of each calendar year thereafter, file with the Corporate Trustee an Engineer's Certificate stating that, in the opinion of the signers, except for situations resulting from casualties which could not be met through a proper amount of ordinary maintenance work, the Company has made or caused to be made during such calendar year such expenditures for repairs, maintenance, renewals or replacements of, or substitutes for, the Mortgaged and Pledged Property as were necessary to maintain the same as an operating system or systems in good repair, working order and condition, or stating that in the opinion of the signers there should be expended for such purposes (in addition to the expenditures made therefor in such calendar year) an amount to be designated by the signers, and the Company covenants that, if such certificate states that any amount therein designated should be expended for such purposes, it will, within thirty (30) days after the filing of such Engineer's Certificate (unless a request for an Independent Engineer's Certificate is made by the Corporate Trustee as hereinafter provided), deliver to the Corporate Trustee:

(1) a Treasurer's Certificate stating:

(a) the total of all amounts expended for such purposes subsequent to the close of such calendar year;

and which may also state:

(b) an aggregate principal amount of bond(s) or fraction of a bond to the authentication and delivery of which the Company shall be entitled under any of the provisions of this Indenture (other than those contained in Section 30 hereof) by virtue of compliance with all applicable provisions of this Indenture (except as hereinafter in this Section otherwise provided); and that the Company elects to make its right

to the authentication and delivery of such bond(s) or fraction of a bond the basis of a credit under this Section.

(2) an amount in cash equal to the amount, if any, by which the amount designated in such Engineer's Certificate exceeds the total of all amounts expended for such purposes subsequent to the close of such calendar year as stated in the Treasurer's Certificate referred to in subdivision (1) above; provided, however, that there shall be credited against the amount of cash deliverable to the Corporate Trustee pursuant to this subdivision (2) an amount equal to ten sixths ($10/6$) of the aggregate principal amount of bonds set forth in subdivision (b) of such Treasurer's Certificate.

The Corporate Trustee may, in its discretion, (but shall not be obligated so to do, unless requested in writing by the holders of at least twenty-five per centum (25%) in principal amount of bonds then Outstanding hereunder and indemnified to its satisfaction) within thirty (30) days after the date of the filing of an Engineer's Certificate, as provided in this Section, notify the Company in writing that an Independent Engineer's Certificate is desired respecting the matters covered by such Engineer's Certificate, and in that event the Company within sixty (60) days after the receipt of such written notice, shall file with the Corporate Trustee an Independent Engineer's Certificate with respect to the matters covered by such Engineer's Certificate.

If such Independent Engineer's Certificate shall state that there has been expended a sufficient amount for such purposes or shall state that an amount equal to, or less than, the amount designated in the Engineer's Certificate filed by the Company with the Corporate Trustee should be expended for such purposes, it shall be final and binding upon the bondholders, the Company and the Corporate Trustee, and, within fifteen (15) days after the filing of such Independent Engineer's Certificate, the Company shall deliver to the Corporate Trustee a Treasurer's Certificate of the character specified in subdivision (1) above and an amount in cash equal to the amount, if any, by which the amount stated in such Independent Engineer's Certificate exceeds

the total of all amounts expended for such purposes subsequent to the close of such calendar year as stated in such Treasurer's Certificate; provided, however, that there shall be credited against the amount of cash so deliverable to the Corporate Trustee an amount equal to ten sixths (10/6) of the aggregate principal amount of bonds set forth in subdivision (b) of such Treasurer's Certificate.

If the amount stated in such Independent Engineer's Certificate is greater than the amount designated in such Engineer's Certificate, and if the Company, within fifteen (15) days after the filing of such Independent Engineer's Certificate, shall not deliver to the Corporate Trustee a Treasurer's Certificate of the character specified in subdivision (1) above and an amount in cash equal to the amount, if any, by which the amount stated in such Independent Engineer's Certificate exceeds the total of all amounts expended for such purposes subsequent to the close of such calendar year as stated in such Treasurer's Certificate (after crediting against the amount of cash so deliverable to the Corporate Trustee an amount equal to ten sixths (10/6) of the aggregate principal amount of bonds set forth in subdivision (b) of such Treasurer's Certificate), then and in that event the amount which should be expended for such purposes shall be forthwith referred to three disinterested and competent arbitrators selected in the following manner: The Corporate Trustee within ten (10) days after the expiration of the period of fifteen (15) days provided for above shall name one arbitrator and give notice of such selection to the Company. Within ten (10) days after the receipt of such notice, the Company shall name one arbitrator and give notice of such selection to the Corporate Trustee, and failure so to do shall entitle the Corporate Trustee to name the arbitrator to represent the Company. The two thus selected shall within ten (10) days after the appointment of the arbitrator representing the Company select a third arbitrator, but if the said arbitrators are unable within said ten (10) days to agree upon such third arbitrator, then upon the election of either the Company or the Corporate Trustee the person who is the District Judge of the United States of America senior in the service for the District in which

the Corporate Trustee has its principal place of business shall have the power to appoint such third arbitrator, five (5) days' notice of the application to said District Judge to be given by the party making such application to the other party. The written decision of a majority of such arbitrators shall be filed as soon as practicable with the Corporate Trustee and a copy thereof delivered to the Company, and shall be binding upon the Corporate Trustee, the Company and the bondholders, and, within fifteen (15) days after the filing of such decision, the Company shall deliver to the Corporate Trustee a Treasurer's Certificate of the character specified in subdivision (1) above and an amount in cash equal to the amount, if any, by which the amount fixed by such arbitration exceeds the total of all amounts expended for such purposes subsequent to the close of such calendar year as stated in such Treasurer's Certificate; provided, however, that there shall be credited against the amount of cash so deliverable to the Corporate Trustee an amount equal to ten sixths ($10/6$) of the aggregate principal amount of bonds set forth in subdivision (b) of such Treasurer's Certificate. The costs of any such arbitration shall be paid by the Company.

For the purposes of any Engineer's Certificate, Independent Engineer's Certificate or decision of arbitrators made with respect to any subsequent calendar year, the signers of such Engineer's Certificate or Independent Engineer's Certificate and the arbitrators rendering such decisions shall deduct the aggregate amount of any cash delivered to the Corporate Trustee on account of any prior calendar year in accordance with the provisions of this Section (notwithstanding the purposes for which the same may have been withdrawn, used or applied in accordance with the provisions of this Section), and of any credits taken pursuant to the provisions of this Section on account of prior calendar years, from the amount which as so determined should have been expended for the purpose of maintaining the properties of the Company mortgaged or to be mortgaged hereunder as an operating system or systems in good repair, working order and condition.

Any cash delivered to the Corporate Trustee under the provisions of this Section shall be held by it as a part of the Mortgaged and Pledged Property and

(A) may be withdrawn by the Company to reimburse it in full for expenditures made subsequent to the end of the calendar year for which such cash was delivered for repairs, maintenance, renewals and replacements of, and substitutes for, its properties mortgaged or intended to be mortgaged hereunder (to the extent that such expenditures have not been theretofore certified to the Corporate Trustee to reduce the amount of cash to be deposited with the Corporate Trustee as hereinbefore provided), the amount and nature of any such expenditures to be stated in a Treasurer's Certificate to be delivered to the Corporate Trustee prior to any such withdrawal; or

(B) may be withdrawn from time to time by the Company in an amount equal to ten sixths (10/6) of the principal amount of each bond or fraction of a bond to the authentication and delivery of which the Company shall be entitled under any of the provisions of this Indenture (other than those contained in Section 30 hereof) by virtue of compliance with all applicable provisions of this Indenture (except as hereinafter in this Section otherwise provided) and the right to the authentication and delivery of which the Company elects to make the basis of such withdrawal; or

(C) may, upon the request of the Company evidenced by a Resolution delivered to the Corporate Trustee, be used by the Corporate Trustee for the purchase of bonds issued hereunder in accordance with the provisions of Section 55 hereof; or

(D) may, upon the request of the Company evidenced by a Resolution delivered to the Corporate Trustee, be applied by the Corporate Trustee to the redemption of any bonds issued hereunder which are, by their terms, redeemable before maturity, of such series as may be designated by the Company, such redemption to be in the manner and as provided in Article X hereof.

Such moneys shall, from time to time, be paid out or used or applied by the Corporate Trustee, as aforesaid, upon the request of the Company evidenced by a Resolution.

In every case in which either a credit or the withdrawal of cash under this Section is applied for upon the right to the authentication and delivery of bonds, the Company shall comply with all applicable provisions of this Indenture relating to such authentication and delivery, except that the Company shall not be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (6) and (8) of Section 23 hereof.

Any such election of a credit or of the withdrawal of cash under this Section based upon the right to the authentication and delivery of bond(s) or fraction of a bond shall operate as a waiver by the Company of its right to the authentication and delivery of such bond(s) or fraction of a bond and such bond(s) or fraction of a bond may not thereafter be authenticated and delivered hereunder, and any Property Additions which have been made the basis of any such right to the authentication and delivery of bond(s) or fraction of a bond so waived, shall have the status of Funded Property and shall be deemed to have been made the basis of a credit under this Section; provided, however, that if at any time after such an election the Company shall file with the Corporate Trustee a Treasurer's Certificate referring to such election and stating:

(i) that subsequent to the date of such election the Company has made expenditures totaling at least an amount therein stated for the purposes hereinabove set forth, and that such expenditures have not been included or been taken into account in any certificate theretofore filed with the Corporate Trustee pursuant to this Section or in any decision of arbitrators under this Section; and

(ii) that the Company revokes its waiver, made by such election, of the right to the authentication and delivery of bond(s) or fraction of a bond in a principal amount therein stated (which

principal amount shall not exceed sixty per centum (60%) of the total amount of the expenditures specified in said Treasurer's Certificate pursuant to the provisions of subdivision (i) of this Section and that Property Additions (if any) which as a result of such election acquired the status of Funded Property and at the time of such certificate still retained such status and at the time of such election had a total Cost or Fair Value to the Company (whichever may have been less) of not more than the total amount of expenditures specified in said certificate pursuant to the provisions of said subdivision (i) (which Property Additions shall not be described in said certificate) shall not have the status of Funded Property;

then, and in that event, notwithstanding any other provisions of this Indenture, the Company's waiver made by such election of the right to the authentication and delivery of bonds or fractions of a bond in the aggregate principal amount specified in such Treasurer's Certificate pursuant to subdivision (i) of this Section shall forthwith cease to be effective and the waiver of such right shall no longer be deemed to have been made and the Property Additions (if any) described in such Treasurer's Certificate pursuant to the provisions of said subdivision (ii) shall forthwith cease to have the status of Funded Property, and shall no longer be deemed to have been made the basis of a credit under this Section.

If at any time cash in excess of Fifty Thousand Dollars (\$50,000) shall have remained on deposit with the Corporate Trustee under the provisions of this Section for a period of three (3) years, with respect to which the Company shall not have made a proper request for the withdrawal, use or application of the same as above provided, all such cash shall be applied by the Corporate Trustee to the purchase or redemption of bonds (of such series as may be designated by the Company) in accordance with the provisions of Article X hereof, and the Corporate Trustee shall have power to give all necessary notices and to do all other acts and things to effect such purchase or redemption.

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The Company, subject to the orders and regulations of any regulatory authority having jurisdiction, shall, and covenants it will, for the calendar year 1940 and each calendar year thereafter, expend and/or accrue for maintenance and/or appropriate for property retirement and/or appropriate for property amortization an aggregate amount equal to not less than thirteen and one-half per centum (13½%) of the Gross Operating Revenues of the Company (as hereinafter defined) for such calendar year; provided, however, that any such expenditures, accruals and appropriations made subsequent to December 31, 1939, and not theretofore applied toward satisfying the requirements of this Section may, at the election of the Company evidenced by a Treasurer's Certificate as hereinafter provided for, be applied toward satisfying the requirements of this Section in respect of the calendar year in which made or of any of the five calendar years next succeeding such calendar year.

The Company covenants that it will, within ninety (90) days after the close of the calendar year 1940 and of each calendar year thereafter, file with the Corporate Trustee a Treasurer's Certificate showing:

(I) the Gross Operating Revenues of the Company for such calendar year as defined in this Section and the amount which is thirteen and one-half per centum (13½%) thereof;

(II) the amounts which during such calendar year shall have been expended for maintenance, accrued for maintenance, appropriated for property retirement and appropriated for property amortization;

(III) what portion of the aggregate amounts so expended, accrued or appropriated during the five calendar years (other than any year prior to the year 1940) next preceding such calendar year shall not theretofore have been applied toward satisfying the requirements of this Section in respect of the calendar year in which so expended, accrued or appropriated or in respect of any specified years of the five calendar years next succeeding the calendar year in which so expended, accrued or appropriated, and what portion of the amounts so expended, accrued or appro-

printed during the calendar year preceding the date of such certificate or such five preceding years, the Company elects to apply toward satisfying the requirements of this section in respect of the calendar year preceding the date of such certificate and what portion thereof the Company elects to reserve to apply toward satisfying the requirements of this Section in respect of any other of the five calendar years next succeeding the calendar year in which so expended, accrued or appropriated.

The Corporate Trustee may, in its discretion (but shall not be obligated to do, unless requested in writing by the holders of at least twenty-five per centum (25%) in principal amount of bonds then Outstanding under this Indenture and indemnified to its satisfaction) within thirty (30) days after the date of the filing of a Treasurer's Certificate as provided in this Section, notify the Company in writing that a certificate of an independent certified or public accountant is desired respecting the matters covered by such Treasurer's Certificate, and, in that event, the Company within sixty (60) days after the receipt of such written notice shall file with the Corporate Trustee a certificate of an independent certified or public accountant with respect to the matters covered by such Treasurer's Certificate. Any such Treasurer's Certificate, unless a certificate of an independent certified or public accountant shall be requested as aforesaid, and any such certificate of an independent certified or public accountant shall be conclusive as to the facts stated therein.

In the event that any regulatory authority having jurisdiction over the Company shall determine that an adequate amount for expenditures, accruals and/or appropriations, of the character specified in this Section, is less than the amount of the expenditures, accruals and/or appropriations which are required by this Section or shall, by order or regulation, prohibit, in whole or in part, any such expenditures, accruals, and/or appropriations, then, upon filing with the Corporate Trustee a certified copy of such determination, order or regulation, as the case may be, the Company shall, as to expenditures, accruals and/or appropriations in respect of the calendar years affected by such deter-

mination, order or such regulation, be relieved from compliance with the covenants contained in this Section to the extent that, in respect of such calendar years, the amount of such expenditures, accruals and/or appropriations as required by this Section, are in excess of an amount so determined to be adequate, or shall have been prohibited.

The term "Gross Operating Revenues of the Company" for the purpose of this Section is hereby defined as the revenues received by the Company from the sale of electric and gas public utility service and the amounts (other than amounts received for the use of facilities under joint-use pole agreements) received as rentals or fixed charges for the use by others (or the use by the Company for the account of others) of generating and transmission facilities owned by the Company (with all interdepartmental items eliminated), and after deducting an amount equal to the cost to the Company of electricity, gas or other products, purchased for exchange or resale, and after deducting an amount equal to the revenues from the operation of (or, at the option of the Company, the cost of rentals paid by the Company for) electric, gas or other producing, generating, transporting, transmitting or distributing properties leased from others, and after deducting an amount equal to charges to the Company for transmission of electricity and/or transportation of gas by others; provided, however, that any operating revenue of the Company which is in controversy as a result of any litigation or which has been impounded, shall be included in the Gross Operating Revenues of the Company for the purpose of this computation, but only after, and in the year in which, any such operating revenue in controversy or impounded is recovered or, at the option of the Company, after, and in the year in which, it shall have been finally determined that such operating revenues belong to the Company.

SECTION 39. The Company covenants that, so long as any of the bonds issued under this Indenture shall remain Outstanding, it will, on or before October 1 of each year beginning with the year 1940, deliver to the Corporate Trustee:

(A) A Treasurer's Certificate which shall state as to each series of bonds then Outstanding:

(a) the greatest principal amount of all bonds prior to January 1 of such year at any one time Outstanding of such series; and

(b) an aggregate principal amount of bonds (s) or fraction of a bond to the authentication and delivery of which the Company shall then be entitled under any of the provisions of this Indenture (other than on a basis of a deposit of cash) by virtue of compliance with all applicable provisions of this Indenture (except as hereinafter in this Section otherwise provided); and that the Company elects to make its right to the authentication and delivery of such bond(s) or fraction of a bond the basis of a credit under this Section.

(B) As to each series of bonds then Outstanding, an amount in cash and/or principal amount of bonds of such series equivalent to one per centum (1%) of the greatest principal amount of bonds of such series prior to January 1 of such year at any one time Outstanding; provided, however, that, against the amount of cash or bonds payable or deliverable pursuant to this paragraph (B), there shall be credited the principal amount of the bonds which shall be set forth in such Treasurer's Certificate pursuant to the requirements of clause (b) of subdivision (A) of this Section in respect of such series.

Such cash together with any bonds delivered to the Corporate Trustee under the provisions of this Section shall be dealt with as provided for by this Section.

Notwithstanding any other provisions of this Indenture, (i) the Company shall be permitted from time to time to anticipate in whole or in part the requirements of this Section becoming due on October 1 of the then current year or any subsequent year or years, as to any one or more series of bonds, by depositing cash and/or a principal amount of bonds with the Corporate Trustee in full satisfaction or in partial satisfaction of the requirements in respect of any such series of bonds,

and (ii) any cash so deposited, whether in full satisfaction or in partial satisfaction of the requirements of this Section whether becoming due on October 1 of the then current year or of a subsequent year, may be from time to time withdrawn, used or applied in the manner, to the extent, for the purposes and subject to the conditions provided in Section 31 hereof or in subdivisions (3) and/or (4) of Section 61 hereof; provided, however, that the bonds of any series, if redeemable, shall not be purchased with cash deposited under this Section at a cost to the Company in excess of the cost of redeeming bonds of such series on the next available redemption date (including accrued interest to such redemption date in such cost), whether or not such next available redemption date shall be earlier than January 1 of the year in which such deposit shall finally become due.

In case credit under the provisions of this Section is applied for in whole or in part upon the basis of the right to the authentication and delivery of bonds, the Company shall comply with all applicable provisions of this Indenture relating to such authentication and delivery; except that the Company shall not be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Treasurer's Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 hereof.

Any election by the Company pursuant to clause (b) of subdivision (A) of this Section to make its right to the authentication and delivery of any bond(s) or fraction of a bond the basis of a credit under this Section shall operate as a waiver by the Company of its right to the authentication and delivery of such bond(s) or fraction of a bond and such bond(s) or fraction of a bond may not thereafter be authenticated and delivered hereunder, and any Property Additions which have been made the basis of any such right to the authentication and delivery of bond(s) or fraction of a bond so waived shall have the status of Funded Property and shall be deemed to have been made the basis of a credit under this Section.

Any bonds issued under this Indenture deposited with the Corporate Trustee pursuant to the provisions of this Section, shall forthwith be canceled by the Corporate Trustee, and upon the request of the Company, the Corporate Trustee shall cremate the same and deliver to the Company a certificate of such cremation.

SECTION 40. That it will, subject to the provisions of Article XV hereof, at all times maintain its corporate existence and right to carry on business, and duly procure all renewal and extensions thereof, if and when any shall be necessary, and, subject to the provisions of this Indenture, will use its best efforts to maintain, preserve and renew all the rights, powers, privileges and franchises owned by it.

SECTION 41. That if it shall fail to perform any covenants contained in Sections 36, 37, 38 or 40 hereof, the Corporate Trustee may make advances to perform the same in its behalf, but shall be under no obligation so to do unless requested so to do by the holders of not less than twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder and furnished with funds adequate for the purpose and also adequate to pay any expense incurred in connection with such performance; and all sums so advanced shall be at once repayable by the Company, and shall bear interest at the rate of six per centum (6%) per annum until paid, and all sums so advanced with the interest thereon shall be secured hereby, having the benefit of the Lien hereof in priority to the indebtedness evidenced by the bonds and coupons issued hereunder, but no such advance shall be deemed to relieve the Company from any default hereunder.

SECTION 42. That it will cause this Indenture and all indentures and instruments supplemental hereto to be promptly recorded and filed and to be kept recorded and filed and re-recorded and refiled in such manner and in such places as may be required by law in order fully to preserve and protect the security of the bondholders and all rights of

the Trustees. That it will execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purposes of this Indenture, and to make subject to the Lien hereof any property hereafter acquired, intended to be subject to the Lien hereof, and to transfer to any new trustee or trustees or co-trustee or co-trustees the estate, powers, instruments or funds held in trust hereunder.

Section 43. That books of record and account will be kept in which full, true and correct entries will be made of all dealings or transactions of, or in relation to, the plants, properties, business and affairs of the Company, and that all books, records, documents and vouchers relating to the plants, properties, business and affairs of the Company shall at all reasonable times be open to the inspection of such reputable accountant or other agent of recognized standing as the Corporate Trustee may from time to time designate, and that the Company will bear all expenses of any such inspection. The Corporate Trustee shall be under no obligation to cause any such inspection to be made unless requested in writing so to do by the holders of not less than twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder and furnished with funds sufficient to pay all costs and expenses incurred or to be incurred by it in or in connection with such inspection.

If it shall be so required by any Statutes of the United States of America, now or hereafter enacted, applicable to indentures relating to securities similar to the bonds secured by this Indenture, or by the rules, regulations or orders of any regulatory body having jurisdiction pursuant to such Statutes, the Company covenants that it will file with the Corporate Trustee and any other trustees for the time being hereunder, and with such regulatory body, or with such of them as may be required by such Statutes or by such rules, regulations or orders, such information, documents and reports as may be prescribed in such Statutes or in such rules, regulations or orders and such additional

information with respect to the performance by the Company of its obligations under this Indenture as may be prescribed in such Statutes or in such rules, regulations or orders; and, in that event, the Company will transmit to the holders of the bonds secured by this Indenture in the manner and to the extent provided in such Statutes or in such rules, regulations or orders, such summaries of any information, documents and reports as may be required by such Statutes or by such rules, regulations or orders.

The Company covenants that, as long as any of the bonds issued under this Indenture shall remain Outstanding, it will, to the extent permitted by law, on or before May 15 and November 15 of each year, beginning with the year 1940, deliver to the Corporate Trustee such information as may have come into the possession of the Company or any paying agent (as such) for the bonds Outstanding hereunder during the six months' period ended on the preceding May 1 or November 1, as the case may be, with respect to the names and addresses of the holders of the bonds then Outstanding. The Corporate Trustee shall keep on file any such information so received by it and in case three or more holders of bonds Outstanding hereunder (hereinafter referred to as "Applicant Bondholders") state in writing to the Corporate Trustee that such Applicant Bondholders jointly desire to communicate with other holders of bonds Outstanding hereunder with respect to their rights under this Indenture or under the bonds, the Corporate Trustee shall, at its election, either

(1) afford access, to the extent permitted by law, to such information as it appears from the latest list furnished by the Company with respect to the names and addresses of the holders of bonds Outstanding hereunder; or

(2) make its services available, to the extent permitted by law, for mailing to holders of bonds Outstanding hereunder any form of proxy or other communication with respect to their said rights, subject to the conditions and in the manner specified in subdivisions (a) and (b) below:

(a) At the written request of the Applicant Bondholders, the Corporate Trustee shall promptly furnish a statement of

the approximate number of holders of bonds Outstanding hereunder, according to the latest list furnished by the Company in the possession of the Corporate Trustee, and an estimate of the cost of mailing a specified form of proxy or other communication to such holders. Any information requested pursuant to this subdivision (a) shall be mailed or otherwise furnished to the Applicant Bondholders on or before the fifth business day after receipt by the Corporate Trustee of such written request.

(b) At the written request of the Applicant Bondholders, copies of any form of proxy or other communication furnished by the Applicant Bondholders shall be mailed by the Corporate Trustee to all holders of bonds Outstanding hereunder whose names and addresses appear upon the latest list furnished by the Company pursuant to the provisions of this Section; provided, however, that if the approval of any governmental regulatory body or of any court or the compliance by the Applicant Bondholders with any statute, or with any rule, regulation or order of any such governmental regulatory body or court, is, in the opinion of the Corporate Trustee, requisite for the mailing of such proxy or other communication, the Applicant Bondholders shall establish to the reasonable satisfaction of the Corporate Trustee that such approval has been obtained, or that such statute, rule, regulation or order has been complied with. The Corporate Trustee may rely conclusively upon an opinion of counsel (who may be of counsel to the Applicant Bondholders) with respect to the necessity of any such approval or compliance and the sufficiency of any action taken to obtain such approval or so to comply. Thereafter such material shall be mailed with reasonable promptness after receipt by the Corporate Trustee of a tender of the material to be mailed, all envelopes or other containers therefor, all postage, or payment for postage, and reasonable reimbursement to the Corporate Trustee of all expenses to be incurred in connection with such mailing or a surety company bond satisfactory to the Corporate Trustee in an amount sufficient to cover such expense.

SECTION 44. That it will not go into voluntary bankruptcy or insolvency, or apply for or consent to the appointment of a receiver or trustee of itself or of its property in any judicial proceedings or make any general assignment for the benefit of its creditors, or suffer to be made and remain unvacated for a period of ninety (90) days any order for the appointment of such a receiver or trustee of itself or of its property in any proceeding instituted by a creditor, or any final order appointing such a receiver or trustee in any other proceeding, or any order adjudicating it to be bankrupt or insolvent.

SECTION 45. That it will not issue, or permit to be issued, any bonds hereunder in any manner other than in accordance with the provisions of this Indenture and that it will faithfully observe and perform all the conditions, covenants and requirements of this Indenture and of all indentures supplemental hereto and of the bonds issued hereunder.

SECTION 46. That upon the cancellation and discharge of any Prior Lien securing Prior Lien Bonds it will (unless the Prior Lien Bonds, cash, proceeds and other property mentioned in subdivisions (a) and (b) below are thereupon otherwise disposed of as required by another Prior Lien) cause

(a) any Prior Lien Bonds deposited with and then held by the trustee or other holder of such Prior Lien canceled and discharged, to be canceled and notification thereof to be given to the Corporate Trustee, or, at the option of the Company, to be delivered to and deposited with the Corporate Trustee hereunder to be held under the provisions of Article IX hereof; and

(b) all Funded Cash, all obligations secured by purchase money mortgages and all proceeds of insurance on, or of the release of, or the taking by eminent domain of, Funded Property, deposited with and then held by the trustee or other holder of such Prior Lien canceled and discharged (including as to all of the foregoing all proceeds of or substitutes for any thereof then

held as aforesaid), to be paid and/or delivered to and/or deposited with the Corporate Trustee hereunder, to be held as part of the Mortgaged and Pledged Property; any such Prior Lien Bonds constituting a part thereof to be held and disposed of under the provisions of Article IX hereof; any such cash and/or purchase money mortgages on property released (including any proceeds or substitutes therefor) constituting a part thereof to be paid over, withdrawn, used or applied, in the manner, to the extent, and for the purposes and subject to the conditions provided in Section 61 hereof with respect to cash and purchase money mortgages deposited under the provisions of Section 59 hereof; any bonds issued hereunder deposited with and then held by the trustee or other holder of such Prior Lien canceled and discharged, to be canceled by the Corporate Trustee and upon the request of the Company to be cremated and a certificate of such cremation delivered to the Company; and any other property constituting a part thereof to be subject to use and release as provided with respect to such property in Article XI hereof.

That it will not permit the amount of Prior Lien Bonds to be increased by the issue of additional Prior Lien Bonds unless (1) the Prior Lien Bonds representing such increase shall be issued upon transfer of or in exchange for or in lieu of Outstanding Prior Lien Bonds on the exercise by a holder or holders of such Outstanding Prior Lien Bonds of the right granted by the Prior Lien securing such Prior Lien Bonds to have such bonds issued or unless (2) the Prior Lien Bonds representing such increase shall be deposited with the Corporate Trustee to be held under the provisions of Article IX hereof and/or unless such Prior Lien Bonds representing such increase shall be deposited with the trustee or other holder of a Prior Lien (under conditions such that no transfer of ownership or possession of such Prior Lien Bonds representing such increase by the trustee or other holder of such Prior Lien is permissible except upon a default thereunder, or except to the Corporate Trustee hereunder to be held subject to the provisions of Article IX hereof, or to the trustee or other holder of a Prior Lien for cancellation, or to be held uncanceled under the

terms of a Prior Lien under like conditions); that it will not apply under any provision of this Indenture for the authentication and delivery of any bonds or the withdrawal of cash or the release of property or for a credit under the provisions of Section 38 or Section 39 hereof by reason of the deposit with the Corporate Trustee of such Prior Lien Bonds representing such increase; and that it will not apply under any provision of any Prior Lien for the withdrawal of Funded Cash held by the trustee or other holder of such Prior Lien on the basis of Funded Property, unless such cash so withdrawn shall be deposited with the Corporate Trustee hereunder, to be held as part of the Mortgaged and Pledged Property, and to be withdrawn, used or applied, in the manner, to the extent, and for the purposes and subject to the conditions provided in Section 61 hereof with respect to cash deposited under the provisions of Section 53 hereof.

ARTICLE IX.

Concerning Prior Lien Bonds Deposited with Corporate Trustee.

SECTION 47. Each Prior Lien Bond in coupon form deposited with the Corporate Trustee shall have all unmatured coupons attached when so deposited, or shall be accompanied by evidence satisfactory to the Corporate Trustee (which may be a certificate of the mortgagee or trustee under the Prior Lien securing the same) that the discharge of the Prior Lien securing such Prior Lien Bond may be obtained without the production of any coupon or coupons that may be missing; and each Prior Lien Bond so deposited shall be uncanceled. Each Prior Lien Bond deposited hereunder shall be in bearer form or accompanied by appropriate instruments of transfer; and the Corporate Trustee may cause any or all registered Prior Lien Bonds to be registered in its name as Corporate Trustee, or otherwise, or in the name or names of its nominee or nominees.

SECTION 48. All Prior Lien Bonds received by the Corporate Trustee for the purpose of this Article IX shall be held by the Corporate Trustee, as part of the Mortgaged and Pledged Property and without impairment of the lien thereof, for the protection and further security of the bonds issued hereunder. Except during the continuance of a Completed Default specified in Section 65 of this Indenture, no payment by way of interest or otherwise on any of the Prior Lien Bonds held by the Corporate Trustee shall be made or demanded and the coupons thereto appertaining as they mature shall be canceled by the Corporate Trustee and delivered so canceled to the Company, unless the Company shall, by an instrument in writing, signed by its President or a Vice-President or its Treasurer or an Assistant Treasurer, and delivered to the Corporate Trustee, elect, with respect to any of such Prior Lien Bonds, to have such payments made and demanded, in which event the Company shall be entitled to receive all such payments. In any event, except during the continuance of a Completed Default as aforesaid, all moneys received by the Corporate Trustee (a) on account of the principal of or interest or premium on said Prior Lien Bonds, or (b) by reason of the sale or delivery of any of said bonds to the sinking fund or other similar device for the retirement of bonds provided for in any Prior Lien securing the same (as to both (a) and (b) above, to the extent that a Treasurer's Certificate delivered to the Corporate Trustee shall state that such moneys do not represent the proceeds of insurance on, or of the release of, or of the taking by eminent domain of, Funded Property, or the proceeds of Funded Property purchased by any governmental body or agency or its designee upon exercise of any right which it may have to purchase the same or designate a purchaser thereof, including the proceeds of and substitutes for any thereof), shall be paid over by the Corporate Trustee to or upon the order of the Company; provided that if and to the extent that such Treasurer's Certificate shall not state that such moneys do not represent the proceeds of insurance on, or of the release of, or of the taking by eminent domain of, Funded Property, or the proceeds of Funded

Property purchased by any governmental body or agency or its designee upon exercise of any right which it may have to purchase the same or designate a purchaser thereof, including the proceeds of and substitutes for any thereof, the same shall be retained by the Corporate Trustee and held as part of the Mortgaged and Pledged Property, to be withdrawn, used or applied, in the manner, to the extent, and for the purposes, and subject to the conditions provided in Section 61 hereof with respect to cash deposited under the provisions of Section 59 hereof.

SECTION 49. Except during the continuance of a Completed Default specified in Section 65 hereof, the Corporate Trustee, if so directed by an instrument in writing signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, shall cause any Prior Lien Bonds held by it to be canceled, and the obligation thereby evidenced to be satisfied and discharged, provided that it shall have received notice from the trustee or other holder of the Prior Lien securing the same that such trustee or other holder, on receipt of the Prior Lien Bonds held by the Corporate Trustee, will cause the Prior Lien to be satisfied and discharged of record; and upon similar direction, shall sell or surrender any Prior Lien Bonds held by it subject to this Article IX to the trustee or other holder of the Prior Lien securing the same to be held uncanceled for the purposes of any improvement or sinking fund or other similar device for the retirement of bonds for which provision may have been made in the Prior Lien securing the Prior Lien Bonds so sold or surrendered, or for cancellation, provided, however, that no such Prior Lien Bonds shall be so sold or surrendered except for cancellation as aforesaid until the Corporate Trustee shall have received an Opinion of Counsel to the effect (a) that the provisions of the Prior Lien securing the Prior Lien Bonds so to be sold or surrendered are such that no transfer of ownership or possession of such Prior Lien Bonds by the trustee or other holder of such Prior Lien is permissible thereunder except upon default thereunder or except to the Corporate Trustee hereunder, to be held subject to the provisions

of this Article IX, or to the trustee or other holder of a Prior Lien, for cancellation or to be held uncanceled under the terms of a Prior Lien under like conditions, or (b) that all of the property subject to the Prior Lien, with respect to which such Prior Lien Bonds have been deposited with the Corporate Trustee, has been released from the Lien of this Indenture, which shall be stated in any event if such be the fact; and provided further that if all of the property subject to the Prior Lien securing Prior Lien Bonds deposited with the Corporate Trustee shall have been released from the Lien of this Indenture, such Prior Lien Bonds as shall thereupon cease to be Prior Lien Bonds as defined in section 6 hereof shall be surrendered forthwith by the Corporate Trustee to the Company upon the written order of its President or a Vice-President and its Treasurer or an Assistant Treasurer.

On the request of the Company evidenced by a Resolution, the Corporate Trustee may, and on request of the holders of not less than a majority in principal amount of the bonds Outstanding hereunder, shall, permit the extension of the maturity of and/or any other modification of any Prior Lien Bonds held by the Corporate Trustee subject to the provisions of this Article IX and/or any modification of a Prior Lien.

Section 50. Upon the occurrence of any Completed Default specified in Section 63 hereof, the Corporate Trustee may exercise any and all rights of a bondholder with respect to the Prior Lien Bonds then held by it or may take any other action which shall in its judgment be desirable or necessary to avail itself of the security created for such Prior Lien Bonds by the Prior Liens securing the same. The Corporate Trustee shall be reimbursed from the trust estate for all expenses by it properly incurred by reason of any such action taken, with interest upon all such expenditures at the rate of six per centum (6%) per annum; and the amount of such expenses and interest shall, until repaid, constitute a lien upon the Mortgaged and Pledged Property prior to the lien of the bonds and coupons issued hereunder.

ARTICLE X.

Redemption or Purchase of Bonds.

SECTION 51. Such of the bonds of any series issued hereunder as are, by their terms, redeemable before maturity, may, at the option of the Company, be redeemed at such times, in such amounts and at such prices as may be specified therein and in accordance with the provisions of the three next succeeding Sections numbered from 52 to 54, both inclusive.

SECTION 52. In case of a redemption of a part only of any series of said bonds, the particular bonds so to be redeemed shall be selected by the Corporate Trustee by lot, according to such method as it shall deem proper in its discretion. Notice of intention to redeem (including, in case a part only of the bonds of any particular series are to be redeemed, the numbers of such bonds) shall be given, by or on behalf of the Company, by publication, as to the bonds of the 1964 Series, in one Daily Newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York, for such period of time before the date fixed for redemption as is specified in Section 19 hereof and as to the bonds of any other series in such newspapers and for such periods as may be fixed for the bonds of such other series by the Resolution establishing such series of bonds, or if no such newspaper and/or period be fixed, then at least once in each of four (4) successive calendar weeks (on any secular day in the week which need not be the same day in each week) immediately preceding the date fixed for redemption in such a Daily Newspaper as is required with respect to publication in the case of the bonds of the 1964 Series. A copy of such notice shall also be mailed by or on behalf of the Company, not less than ten (10) days before the date fixed for redemption, to each holder of any fully registered bond or of any coupon bond registered as to principal which is to be redeemed, at his last address, if any, appearing upon the registry books,

but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of such bonds. If at the time of publication or mailing of any notice of redemption the Company shall not have deposited with the Corporate Trustee (and/or irrevocably directed the Corporate Trustee to apply, from money held by it available to be used for the redemption of bonds) an amount in cash sufficient to redeem all of the bonds called for redemption, including accrued interest, such notice shall state that it is subject to the deposit of such amount with the Corporate Trustee on or before the date fixed for redemption.

SECTION 53. Publication of the notice of redemption having been completed as above provided and the Company having on or before the redemption date specified in the notice of redemption deposited with the Corporate Trustee (and/or having irrevocably directed the Corporate Trustee to apply, from money held by it available to be used for the redemption of bonds) an amount in cash sufficient to redeem all of the bonds called for redemption, including accrued interest, the bonds called for redemption shall become due and payable on such redemption date at the principal office of the Corporate Trustee in the Borough of Manhattan, The City of New York.

SECTION 54. All moneys deposited by the Company with the Corporate Trustee under the provisions of this Article X for the redemption of bonds or which the Company directs shall be applied by the Corporate Trustee to the redemption of bonds shall, subject to the provisions of Section 119 hereof, be held in trust for account of the holders of the bonds so to be redeemed, and shall be paid to them respectively, upon presentation and surrender of said bonds, with all unmatured coupons, if any, appertaining thereto. Coupons maturing on or prior to the redemption date shall remain payable in accordance with their terms. On and after such redemption date, if the moneys for the redemption

of the bonds to be redeemed shall have been deposited or directed to be applied as aforesaid, such bonds shall cease to bear interest and shall cease to be entitled to the Lien of this Indenture and the coupons for interest, if any, maturing subsequent to the redemption date shall be void unless such bonds and/or the coupons for interest which shall have matured prior to the redemption date shall have been presented for payment at the principal office or agency of the Corporate Trustee and also at the office or agency of the Company in the Borough of Manhattan, City, County and State of New York, and shall not have been paid.

If any serial number shall be drawn by the Corporate Trustee at any selection by lot as in Section 52 hereof provided for, which is endorsed upon any fully registered bond of a denomination larger than One Thousand Dollars (\$1,000), such fully registered bond shall be presented properly endorsed for transfer at or after the date fixed for the redemption of said bonds so drawn for redemption, and the payment with respect to said bond shall be made upon surrender of said bond so endorsed; and coupon bonds or fully registered bonds for the unpaid balance, if any, of the principal amount of the fully registered bond so presented and surrendered shall be executed by the Company and authenticated and delivered by the Corporate Trustee without charge therefor. On and after the date fixed for such redemption, interest shall be payable only on the portion of said fully registered bond not called for redemption and only such portion shall continue to be entitled to the benefit of the Lien of this Indenture.

Section 55. At any time, upon the request of the Company, expressed by Resolution, the Corporate Trustee shall, to the extent that such bonds are available for such purchase, apply all or any part of the cash held by it under any provision of this Indenture, subject to the provisions of Sections 32, 54 and 64 hereof, or any cash deposited with it by the Company for the purpose, to the purchase (including a purchase from the Company) of bonds then Outstanding hereunder of such

series as the Company may designate at such price that the cost thereof to the Company will not exceed the cost of redeeming, on the next available redemption date (including accrued interest from the next preceding interest date to such redemption date in such cost), such bonds as shall be by their terms redeemable before maturity, or at not more than one hundred and five per centum (105%) of the principal of bonds not so redeemable, plus accrued interest. Before making any such purchase the Corporate Trustee may, and upon request of the Company, shall, by notice published once in each of two (2) successive calendar weeks (on any secular day in the week which need not be the same day in each week) in one Daily Newspaper, printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York, advertise for written proposals (to be received by it on or before a specified date) to sell to it on or before a subsequent specified date bonds of the series designated by the Company then Outstanding hereunder; and the Corporate Trustee, to the extent, as nearly as is possible, of such funds then in its hands and requested by the Company to be so applied, shall purchase the bonds so offered at the price or prices most favorable to the Company, not exceeding the maximum amounts specified above, and reasonable notice shall be mailed by the Corporate Trustee to the holder or holders of the bonds whose proposals shall have been accepted. The Corporate Trustee may also in its discretion, and upon request of the Company so to do shall, invite offers of bonds for sale to it in any other usual manner. The Corporate Trustee may reject any or all proposals in whole or in part if it can at the time of opening said proposals purchase the requisite amount of such bonds or any part thereof at a price more favorable to the Company than it could by accepting said proposals, and in its discretion may reject any or all proposals in whole or in part. All offers by holders shall be subject to acceptance of a portion thereof unless otherwise expressed in the offers and all advertisements for written proposals shall so state.

SECTION 56. All bonds issued hereunder paid, retired or redeemed under any of the provisions of this Indenture or purchased by the Corporate Trustee as provided in Section 55 hereof and all appurtenant coupons, if any, shall forthwith be canceled by the Corporate Trustee, and at the request of the Company the Corporate Trustee may execute the same and deliver to the Company a certificate of such cancellation.

ARTICLE XI.

Possession, Use and Release of Mortgaged and Pledged Property.

SECTION 57. Unless the Company is in default in the payment of the interest on any of the bonds then Outstanding hereunder or one or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, the Company shall be suffered and permitted to possess, use and enjoy the Mortgaged and Pledged Property (except such cash as is expressly required to be deposited with the Corporate Trustee and except, to the extent not herein otherwise provided, such securities as are expressly required to be deposited with the Corporate Trustee), and to receive, use and dispose of the tolls, rents, revenues, issues, earnings, income, product and profits thereof, with power in the ordinary course of business, freely and without let or hindrance on the part of the Trustees or either of them or of the bondholders, to use, consume and dispose of supplies, and, except as herein otherwise expressly provided to the contrary, to exercise any and all rights under choses in action, contracts, franchises and claims.

SECTION 58. Unless the Company is in default in the payment of the interest on any of the bonds then Outstanding hereunder or one or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, the Company may at any time and from time to time, without any release or consent by, or report to, the Trustees or either of them, or deposit with either of them of any consideration received by the Company:

(1) sell or otherwise dispose of, free from the Lien of this Indenture, any machinery, equipment, tools, implements or other property, which shall have become old, inadequate, obsolete, worn out, unfit or unadapted for use in the operations of the Company upon replacing the same by or substituting for the same other property of at least equal value to that of the property sold or otherwise disposed of and subject to no liens prior hereto except liens to which the property sold or otherwise disposed of was subject;

(2) cancel or make changes or alterations in or substitutions of any and all right of way grants;

(3) surrender or assent to the modification of any right, power, franchise, license (other than any license issued by the Federal Power Commission for a hydro-electric or power line project), governmental consent or permit under which it may be operating, provided that, in the opinion of the Board of Directors of the Company (such opinion to be stated in a Resolution to be filed with the Corporate Trustee), such surrender or modification is desirable in the conduct of the business of the Company; and

(4) surrender or assent to the modification of any license issued by the Federal Power Commission for any hydro-electric or power line project, provided that, in the opinion of the Board of Directors of the Company (such opinion to be stated in a Resolution to be filed with the Corporate Trustee), such surrender or modification is desirable in the conduct of the business of the Company, and provided further that, if the Company shall receive any cash or other consideration (other than property or rights which shall have become subject to the lien of this Indenture) for any such surrender or modification, an amount equal to such cash or the fair value of such other consideration shall be deposited with the Corporate Trustee at or prior to the time of such surrender or modification.

SECTION 59. Unless, to the knowledge of the Corporate Trustee, the Company is in default in the payment of the interest on any

bonds then Outstanding hereunder or one or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, the Company may obtain the release of any of the Mortgaged and Pledged Property, except cash then held by the Corporate Trustee (provided, however, that Prior Lien Bonds deposited with the Corporate Trustee shall not be released except as provided in Article IX hereof and obligations secured by purchase money mortgage deposited with the Corporate Trustee shall not be released except as provided in Section 61 hereof), and the Corporate Trustee shall release the same from the Lien hereof upon the application of the Company and receipt by the Corporate Trustee of

(1) a Resolution describing in reasonable detail the property to be released and requesting such release;

(2) a Treasurer's Certificate stating that the Company is not in default in the payment of the interest on any bonds then Outstanding hereunder and that none of the Completed Defaults specified in Section 65 hereof has occurred and is continuing;

(3) an Engineer's Certificate, made and dated not more than ninety (90) days prior to the date of such application, stating:

(a) that the Company has sold, exchanged, dedicated or disposed of, or agreed to sell, exchange, dedicate or dispose of, or that a governmental body or agency has exercised a right to order the Company to divest itself of, the property to be released; (b) the Fair Value, in the opinion of the signers, of the property to be released and the Fair Value of any portion thereof that is Funded Property; (c) that (except in any case where a governmental body or agency has exercised a right to order the Company to divest itself of such property) such release is in the opinion of the signers desirable in the conduct of the business of the Company; and (d) stating the amount of cash and/or principal amount of obligations secured by purchase money mortgage received or to be received for any portion of said property taken by exercise of the power of eminent domain or sold to any Federal, State,

County, Municipal or other governmental bodies or agencies or public or semi-public corporations, districts or authorities or for any portion of said property as to which a governmental body or agency has exercised a right to order the Company to divest itself of property and which has been or is to be sold by the Company pursuant to such order;

(4) an amount in cash, to be held by the Corporate Trustee as part of the Mortgaged and Pledged Property, equivalent to the amount, if any, by which the Fair Value of the property to be released, as specified in the Engineer's Certificate provided for in subdivision (3) above, exceeds the aggregate of the following items:

(a) the principal amount of any obligations delivered to the Corporate Trustee, to be held as part of the Mortgaged and Pledged Property, consisting of obligations secured by purchase money mortgage upon the property released;

(b) the Cost or Fair Value to the Company (whichever is less) of any Property Additions made the basis of the application which are not then Funded Property (after making any deductions and any additions required by the provisions of Section 4 hereof) as shown by a further Engineer's Certificate (made and dated not more than ninety (90) days prior to the date of such application) delivered to the Corporate Trustee;

(c) the principal amount of each bond or fraction of bond to the authentication and delivery of which the Company shall be entitled under the provisions of Section 26 or Section 29 hereof, by virtue of compliance with all applicable provisions of said Section 26 or Section 29, as the case may be (except as hereinafter in this Section otherwise provided); provided, however, that the application for such release shall operate as a waiver by the Company of such right to the authentication and delivery of each such bond or fraction thereof on the basis of which right such property is released and to such extent no such bond or fraction thereof may thereafter be authenticated and delivered hereunder;

(d) the principal amount of any obligations secured by purchase money mortgage upon the property to be released and/or any amount in cash, that is evidenced to the Corporate Trustee by a certificate of the trustee or other holder of a

Prior Lien or a lien prior hereto, as the case may be, to have been received by it in accordance with the provisions of such Prior Lien or lien prior hereto in consideration for the release of such property or any part thereof from such Prior Lien or lien prior hereto;

provided, however, that the principal amount of any obligations secured by purchase money mortgage delivered to the Corporate Trustee as permitted by clause (a) of this subdivision (4), or delivered to the trustee or other holder of a Prior Lien or a lien prior hereto as permitted by clause (d) of this subdivision (4), shall not in the aggregate exceed sixty per centum (60%) of the Fair Value of the property to be released, as specified in the Engineer's Certificate provided for in subdivision (3) above, and that the aggregate principal amount of such obligations and all other obligations secured by purchase money mortgage delivered to the Corporate Trustee pursuant to the provisions of this Section and then held as part of the Mortgaged and Pledged Property or delivered to the trustee or other holder of a Prior Lien or a lien prior hereto and used as a credit under clause (d) of this subdivision (4) and then held by such trustee or other holder, shall not exceed forty per centum (40%) of the aggregate principal amount of bonds at the time Outstanding under this Indenture;

(5) in case any obligations secured by purchase money mortgage upon the property to be released are included in the consideration for such release and are delivered to the Corporate Trustee or to the trustee or other holder of a Prior Lien or a lien prior hereto in connection with any release of such property, an Opinion of Counsel to the effect that, in his or their opinion, such obligations are valid obligations, and that any purchase money mortgage securing the same is sufficient to afford a valid purchase money lien upon the property to be released, subject to no lien prior thereto except such liens, if any, as shall have existed thereon just prior to such release as Prior Liens or liens prior to the Lien of this Indenture; and

(6) in case the Trustees are requested to release any franchise, an Opinion of Counsel to the effect that in his or their

opinion such release will not impair the right of the Company to operate any of its remaining properties.

In case the release of property is, in whole or in part, based upon Property Additions (as permitted under clause (b) of subdivision (4) of this Section), the Company shall comply with all applicable provisions of this Indenture as if such Property Additions were made the basis of an application for the authentication and delivery of bonds thereon in principal amount equivalent to sixty per centum (60%) of the Fair Value of that portion of the property to be released which is to be released on the basis of such Property Additions, as shown by the Engineer's Certificate in subdivision (3) of this Section provided for, and in case the release of property is in whole or in part based upon the right to the authentication and delivery of bonds (as permitted under clause (c) of subdivision (4) of this Section) the Company shall comply with all applicable provisions of Section 26 or Section 29 hereof, as the case may be, relating to such authentication and delivery, except that in no such case shall the Company be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Treasurer's Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 hereof, provided, however, that the cost of any Property Additions received or to be received by the Company in whole or in part as consideration in exchange for the property to be released shall for all purposes of this Indenture be deemed to be the amount stated in the Engineer's Certificate provided for in subdivision (3) of this Section to be the Fair Value of the property to be released (a) plus the amount of any cash and the Fair Value of any other consideration, further to be stated in such Engineer's Certificate, paid and/or delivered or to be paid and/or delivered by, and the amount of any obligations assumed or to be assumed by, the Company in connection with such exchange as additional consideration for such Property Additions or (b) less the amount of any cash and the Fair Value of any other consideration, which shall also be stated in such Engineer's Certificate,

received or to be received by the Company in connection with such exchange in addition to such Property Additions.

Notwithstanding any of the other provisions of this Indenture, (1) to the extent that any property to be released is not Funded Property and the Property Additions made the basis of such release shall have been acquired in exchange or consideration for, or acquired, made or constructed in anticipation of, the release of property, such Property Additions shall not have the status of Funded Property, and (2) to the extent that any property released shall not have been Funded Property just prior to its release, any Property Additions made the basis of such release of property shall not be deemed to be Funded Property and any waiver of the right to the authentication and delivery of bonds made the basis of such release of property shall cease to be effective and shall no longer be deemed to have been made, if the Company shall within two (2) years after the release of such property, file with the Corporate Trustee such Treasurer's Certificates, Engineer's Certificates, Independent Engineer's Certificates, Opinions of Counsel and other papers (other than any Resolution, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (6) and (8) of Section 28 hereof) as under the provisions of Article V hereof, would entitle the Company, on the basis of Property Additions acquired, made or constructed subsequent to the application for the release of such property, to the authentication and delivery of bonds equal in principal amount to sixty per centum (60%) of the Fair Value of the property so released, and the inclusion of such subsequently acquired Property Additions in any such Treasurer's Certificate, Engineer's Certificate, Independent Engineer's Certificate, Opinion of Counsel or other papers shall not make such Property Additions Funded Property.

Any bonds Outstanding under this Indenture deposited with the Corporate Trustee, pursuant to the provisions of this Section, shall forthwith be canceled by the Corporate Trustee and upon the request of the Company the Corporate Trustee may cremate the same and

deliver to the Company a certificate of such exomation, and any Prior Lien Bonds deposited with the Corporate Trustee pursuant to the provisions of this Section shall be held by the Corporate Trustee subject to the provisions of Article IX hereof and any moneys and/or obligations secured by purchase money mortgage and/or other property and/or the proceeds of any thereof and/or substitutes therefor received by the Corporate Trustee under this Section shall be held as part of the Mortgaged and Pledged Property and such moneys and/or obligations secured by purchase money mortgage shall be paid over, withdrawn, used or applied, in the manner, to the extent, and for the purposes and subject to the conditions provided in Section 61 hereof.

Any property acquired by the Company by exchange or purchase to take the place of any property released under any provisions of this Article shall forthwith and without further conveyance become subject to the Lien of and be covered by this Indenture as a part of the Mortgaged and Pledged Property, subject to no lien except Prior Liens and Excepted Encumbrances and any liens existing thereon just prior to the acquisition thereof; but the Company shall, if requested by the Corporate Trustee, convey the same, or cause the same to be conveyed, to the Trustees as may be so requested by appropriate instruments of conveyance upon the trusts and for the purposes of this Indenture.

Section 60. Unless to the knowledge of the Trustees or either of them the Company is in default in the payment of the interest on any bonds then Outstanding hereunder or one or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, the Corporate Trustee shall whenever from time to time requested by the Company (such request to be evidenced by a Resolution) and without requiring compliance with any of the provisions of Section 59 hereof, release from the Lien hereof real estate unimproved for use in the conduct of the business of the Company, provided the Company has sold, exchanged, dedicated or disposed of, or agreed to sell, exchange, dedicate or dispose of, such real estate and provided the

aggregate value of the Company's interest in such real estate so released without such compliance in any period of twelve (12) consecutive calendar months shall not exceed the sum of Fifty Thousand Dollars (\$50,000). A Treasurer's Certificate delivered to the Corporate Trustee as to any facts required to be known by it as a condition precedent to action by it under this Section shall fully protect it in any action taken upon the faith thereof. The Company covenants that it will deposit with the Corporate Trustee, to be dealt with in the manner provided in Section 61 hereof, the consideration, if any, received by it upon the sale or other disposition of any such real estate so released (to the extent that the same shall not have been paid or delivered to the trustee or other holder of a Prior Lien or a lien prior to the Lien of this Indenture in accordance with the provisions thereof and a Treasurer's Certificate to that effect shall have been furnished to the Corporate Trustee).

SECTION 61. Unless to the knowledge of the Corporate Trustee the Company is in default in the payment of the interest on any bonds then Outstanding hereunder or on or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, any money received by the Corporate Trustee in consideration of any release under this Article XI, including payment on account of the principal of any obligations secured by purchase money mortgage which obligations have been delivered to the Corporate Trustee shall be held by the Corporate Trustee and, subject to the provisions of Section 64 hereof, such money and any money which may be applied as in this Section provided,

(1) may be withdrawn from time to time by the Company to the extent of the Cost or the Fair Value to the Company (whichever is less) of Property Additions not then Funded Property (after making any deductions and additions required by the provisions of Section 4 hereof);

(2) may be withdrawn from time to time by the Company in an amount equal to the principal amount of each bond or fraction of bond to the authentication and delivery of which the

Company shall be entitled under the provisions of Section 26 or Section 29 hereof, by virtue of compliance with all applicable provisions of said Section 26 or Section 29, as the case may be (except as hereinafter in this Section otherwise provided); provided, however, that the application for such withdrawal of cash shall operate as a waiver by the Company of such right to the authentication and delivery of each such bond or fraction thereof, on the basis of which right such cash is withdrawn;

(3) may, upon the request of the Company, evidenced by a Resolution delivered to the Corporate Trustee, be used by the Corporate Trustee for the purchase of bonds issued hereunder in accordance with the provisions of Section 55 hereof; or

(4) may, upon the request of the Company, evidenced by a Resolution delivered to the Corporate Trustee, be applied by the Corporate Trustee to the redemption of any bonds issued hereunder which are by their terms redeemable before maturity, of such series as may be designated by the Company, such redemption to be in the manner and as provided in Article X hereof.

Such moneys shall, from time to time, be paid out or used or applied by the Corporate Trustee, as aforesaid, upon the request of the Company evidenced by a Resolution, and upon receipt by the Corporate Trustee of a Treasurer's Certificate stating that the Company is not in default in the payment of the interest on any bonds then outstanding hereunder and that none of the Completed Defaults specified in Section 65 hereof has occurred and is continuing. In case the withdrawal of cash is, in whole or in part, based upon Property Additions (as permitted under clause (1) of this Section), the Company shall comply with all applicable provisions of this Indenture as if such Property Additions were made the basis of an application for the authentication and delivery of bonds thereon in principal amount equivalent to sixty per centum (60%) of the cash to be withdrawn on such basis; or in case the withdrawal of cash is, in whole or in part, based upon the right to the authentication and delivery of bonds (as permitted under clause (2) of this Section) the Company shall comply with all applicable provisions of this Indenture relating to such authentication and

delivery, except that in no such case shall the Company be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Treasurer's Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 hereof.

Notwithstanding any of the other provisions of this Indenture, (a) to the extent that any cash to be withdrawn represents the proceeds of property (other than Funded Property) released, taken by eminent domain or purchased by any governmental body or agency or its designee upon exercise of any right which it may have to purchase the same or designate a purchaser thereof or damaged or destroyed by fire or represents payment on account of principal of, or consideration for the release of, obligations secured by purchase money mortgage which shall have been deposited with the Corporate Trustee as the basis of the release of property (other than Funded Property), and the application for the withdrawal of such cash is based upon Property Additions acquired, or to be acquired with such cash, or acquired, made or constructed in anticipation of the release of property or the withdrawal of cash, then such Property Additions shall not have the status of Funded Property, and (b) to the extent that any such cash withdrawn shall have represented the proceeds of property (other than Funded Property) released, taken by eminent domain or so purchased or damaged or destroyed by fire or shall have represented payment on account of principal of, or consideration for the release of, obligations secured by purchase money mortgage which shall have been deposited with the Corporate Trustee as the basis of the release of property (other than Funded Property), any Property Additions made the basis of such withdrawal of cash shall not be deemed to be Funded Property and any waiver of the right to the authentication and delivery of bonds, made the basis of such withdrawal of cash, shall cease to be effective and shall no longer be deemed to have been made, if the Company shall, within two (2) years after the withdrawal of such cash, file with the Corporate Trustee such Treasurer's Certificates, Engineer's Certificates, Independent Engineer's Certificates, Opinions of

Counsel and other papers (other than any Resolution, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (6) and (8) of Section 28 hereof) as, under the provisions of Section 28 hereof, would entitle the Company, on the basis of Property Additions acquired, made or constructed subsequent to the receipt by the Corporate Trustee of such cash, to the authentication and delivery of bonds equal in principal amount to sixty per centum (60%) of such cash so withdrawn, and the inclusion of such subsequently acquired Property Additions in any such Treasurer's Certificate, Engineer's Certificate, Independent Engineer's Certificate, Opinion of Counsel or other papers shall not make such Property Additions Funded Property.

Any obligations secured by purchase money mortgage received or to be received by the Corporate Trustee under any of the provisions of this Indenture in consideration of the release of any property, may be released upon payment by the Company to the Corporate Trustee of all of the unpaid portion of the principal of such obligations.

The principal of and interest on any such obligations secured by purchase money mortgage held by the Corporate Trustee, shall be collected by the Corporate Trustee as and when the same become payable, and the Corporate Trustee may take any action which in its judgment may be desirable or necessary to avail of the security of such purchase money mortgage. Unless to the knowledge of the Corporate Trustee, the Company is in default in the payment of the interest on any of the bonds then Outstanding hereunder or one or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, the interest received by the Corporate Trustee on any such obligations shall be paid over to the Company.

Any bonds issued under this Indenture deposited with the Corporate Trustee pursuant to the provisions of this Section shall forthwith be canceled by the Corporate Trustee and at the request of the Company the Corporate Trustee may cremate the same and deliver a certificate of such cremation to the Company, and any Prior Lien Bonds deposited with the Corporate Trustee pursuant to the provisions of

this Section shall be held by the Corporate Trustee subject to the provisions of Article IX hereof.

SECTION 62. Should any of the Mortgaged and Pledged Property be taken by exercise of the power of eminent domain or should any governmental body or agency, at any time, exercise any right which it may have to purchase or designate a purchaser of any part of the Mortgaged and Pledged Property, the Trustees or either of them shall, upon request of the Company, release the property so taken or purchased, and shall be fully protected in doing so upon being furnished with an Opinion of Counsel to the effect that such property has been taken by exercise of the power of eminent domain, or purchased in the exercise of a right which a governmental body or agency had to purchase or designate a purchaser of the same. The proceeds of all property so taken or purchased shall be paid over to the Corporate Trustee (unless the same shall have been paid or delivered to the trustee or other holder of a mortgage or other lien constituting a Prior Lien or lien prior hereto, in accordance with the provisions thereof and a Treasurer's Certificate to that effect shall have been furnished to the Corporate Trustee), and (if paid over to the Corporate Trustee hereunder) may, subject to the provisions of Section 64 hereof, thereafter be withdrawn, used or applied in the manner, to the extent and for the purposes and subject to the conditions provided in Section 61 hereof.

SECTION 63. In case the Mortgaged and Pledged Property shall be in the possession of a receiver or trustee, lawfully appointed, the powers hereinbefore conferred upon the Company with respect to the sale or other disposition of the Mortgaged and Pledged Property or the withdrawal of cash may be exercised, with the approval of the Corporate Trustee, by such receiver or trustee, notwithstanding the Company may be in default and any request, certificate, appointment or approval made or signed by such receiver or trustee for such purposes shall be as effective as if made by the Company or its Board of Directors or any of its officers or appointees in the manner herein provided; and if the Trustees or either of them shall be in possession of the Mort-

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gaged and Pledged Property under any provision of this Indenture, then such powers may be exercised by the Trustees in their discretion notwithstanding the Company may be in default.

Notwithstanding the existence of a default in the payment of interest on any bonds Outstanding hereunder or the existence of a Completed Default specified in Section 65 hereof, the Trustees, or either of them, in their discretion, may release from the Lien hereof any part of the Mortgaged and Pledged Property or permit the withdrawal of cash, upon compliance with the other conditions specified in this Article in respect thereof.

No purchaser in good faith of property purporting to have been released hereunder shall be bound to ascertain the authority of the Trustees, or either of them, to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of this authority; nor shall any purchaser or grantee of any property or rights permitted by this Article to be sold, granted, exchanged or otherwise disposed of, be under obligation to ascertain or inquire into the authority of the Company to make any such sale, grant, exchange or other disposition.

SECTION 64. If, during any twelve (12) months' period, any of the Mortgaged and Pledged Property is taken by the exercise of the power of eminent domain and/or any of such property is sold by the Company to one or more Federal, State, County, Municipal or other governmental bodies or agencies or public or semi-public corporations, districts or authorities and/or a governmental body or agency exercises a right to order the Company to divest itself of any of such property and any of such property is sold by the Company pursuant to such order, with the result that the Company receives or becomes entitled to receive (during such period or otherwise) cash and/or a principal amount of obligations secured by purchase money mortgage, aggregating not less than One Million Dollars (\$1,000,000), at a time or times when bonds Outstanding hereunder are, by their terms, redeemable before maturity by the application of cash deposited pursuant to this Section, the Company covenants that (to the extent that any cash received by the Company for such property, or in payment on account of principal of such obligations, including cash pro-

ceeds from the disposition of any of such obligations or of property received by the Company in exchange for any of such obligations, has not theretofore been applied to the purchase or redemption of bonds secured hereby, or is not paid or delivered by the Company to the trustee or other holder of a Prior Lien or a lien prior hereto, under circumstances in which such cash may not be withdrawn and may not be applied for any purpose except to retire Prior Lien Bonds or bonds secured by a lien prior hereto), the Company will deposit cash in an amount equal to the cash theretofore received by the Company for said property (including cash received on account of principal of such obligations as aforesaid) with the Corporate Trustee under the provisions of this Article XI and (to the extent that such cash is not paid or delivered to the trustee or other holder of a Prior Lien or lien prior hereto, as aforesaid) will deposit, when and as received, all cash thereafter received for said property (including cash received on account of principal of such obligations as aforesaid) with the Corporate Trustee under the provisions of this Article XI, and, subject to Section 119 hereof, will (to the extent that any cash so deposited is not applied, within four (4) months after the date deposited, to the purchase or redemption of bonds Outstanding hereunder, pursuant to the provisions of Article X hereof) irrevocably direct the Corporate Trustee to apply the cash so deposited with the Corporate Trustee to the redemption of bonds Outstanding hereunder pursuant to the provisions of Article X hereof to the extent that bonds then Outstanding hereunder are, by their terms, redeemable before maturity by the application of cash deposited pursuant to this Section. For the purpose of this Section, cash at any time remaining on deposit with the Corporate Trustee representing payment to it on account of principal of any of such obligations secured by purchase money mortgage upon the property taken or sold as aforesaid, or representing consideration deposited by the Company in connection with the release of any of such obligations or representing consideration deposited by the Company in connection with the release of any property taken or sold as aforesaid, may, at the option of the Company (evidenced by a notice in writing delivered to the Corporate Trustee), be deemed to have been deposited (as of the time of

delivery of such notice) by the Company pursuant to this Section and shall thereupon be credited against any amount required to be deposited by the Company pursuant to this Section.

If the principal of the bonds hereby secured shall be declared due as provided in Section 65 hereof and if

(a) the Corporate Trustee shall then hold any cash which shall have been deposited pursuant to this Section or the Company shall then be obligated to deposit cash pursuant to this Section; or

(b) the Company shall then hold or be entitled to receive or the Corporate Trustee shall then hold any obligations secured by purchase money mortgage the proceeds of payment of which would (except for such default), if paid, be required to be deposited pursuant to this Section; or

(c) property of the Company shall have been taken by exercise of the power of eminent domain or proceedings for such taking shall have been commenced or are about to be commenced or the Company shall have sold or agreed to sell or shall then contemplate the sale of any of its property under circumstances which in any such case (assuming the completion of such taking or sale) would (except for such default) require the deposit of cash pursuant to this Section or result in the receipt by the Company of obligations secured by purchase money mortgage, the proceeds of payment of which would (except for such default) be required to be deposited pursuant to this Section;

then, to the extent that bonds then outstanding would (except for such default) by their terms be redeemable before maturity by the application of cash deposited pursuant to this Section, the Corporate Trustee shall select by lot such amount of bonds so redeemable as could be redeemed by the application of an amount of cash equal to the aggregate amount of cash and obligations (taken at their principal amount) referred to in (a), (b) and (c) above, and the bonds so selected shall be payable at the respective redemption prices then applicable in the case of the redemption of bonds with cash deposited pursuant to this Section.

ARTICLE XII.

Remedies of Trustees and Bondholders upon Default.

SECTION 35. Upon the occurrence of any one or more of the following events (herein sometimes called "Completed Defaults"), viz.:

(a) Default in payment of the principal of any bond hereby secured when the same shall have become due and payable, whether at maturity as therein expressed or by declaration or otherwise; or

(b) Default continued for sixty (60) days in the payment of any interest upon any bond hereby secured; or

(c) Default in the payment of any interest upon or principal (whether at maturity as therein expressed or by declaration, or otherwise) of any Outstanding Prior Lien Bonds continued beyond the period of grace, if any, specified in the Prior Lien securing the same; or

(d) Default in the covenants of the Company contained in Section 44 hereof; or

(e) Default continued for ninety (90) days after notice to the Company from the Corporate Trustee in the performance of any other covenant, agreement or condition contained herein or in any indenture supplemental hereto or in any bond secured hereby;

the Trustees may, and upon written request of the holders of twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder, shall, by notice in writing delivered to the Company, declare the principal of all bonds hereby secured then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; subject, however, to the right of the holders of a majority in principal amount of all Outstanding bonds, by written notice to the Company and to the Trustees to annul such

declaration and destroy its effect at any time before any sale hereunder, if, before any such sale, all agreements with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all bonds Outstanding hereunder and the reasonable expenses and charges of the Trustees, their agents and attorneys, and all other indebtedness secured hereby, except the principal of any bonds not then due by their terms and except interest accrued on such bonds since the last interest payment date, shall be paid, or the amount thereof shall be paid to the Trustees for the benefit of those entitled thereto. Whenever in this Article it is provided that any action may be requested, directed or taken by a stated percentage of bonds then Outstanding hereunder, in arriving at such percentage bonds shall be subject to challenge and exclusion on the same grounds that they may be challenged as provided in Section 113 hereof.

Section 66. Upon the occurrence of one or more Completed Defaults, the Company, upon demand of the Trustees, shall forthwith surrender to the Trustees the actual possession of, and it shall be lawful for the Trustees, by such officer or agent as they may appoint, to take possession of, all the Mortgaged and Pledged Property (with the books, papers and accounts of the Company) and to hold, operate and manage the same, and from time to time to make all needful repairs and such extensions, additions and improvements as to the Trustees shall seem wise; and to receive the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and out of the same to pay all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustees, their agents and counsel, and any charges of the Trustees hereunder, and any taxes and assessments and other charges prior to the Lien of this Indenture which the Trustees may deem it wise to pay, and all expenses of such repairs, extensions, additions and improvements, and to apply the remainder of the moneys so received by the Trustees, subject to the provisions of Section 75 hereof with respect to extended, transferred

or pledged coupons or claims for interest, first to the payment of the instalments of interest which are due and unpaid, in the order of their maturity, and next, if the principal of any of said bonds is due, to the payment of the principal and accrued interest thereon at the same rate as is expressed in the bonds *pro rata* without any preference or priority whatever, except as aforesaid. Whenever all that is due upon such bonds and instalments of interest and under any of the terms of this Indenture shall have been paid and all defaults made good, the Trustees shall surrender possession to the Company, its successors or assigns; the same right of entry, however, to exist upon any subsequent default.

SECTION 67. Upon the occurrence of one or more Completed Defaults, the Trustees, by such officer or agent as they may appoint, with or without entry, may, if at the time such action shall be lawful, sell all the Mortgaged and Pledged Property as an entirety, or in such parcels as the holders of a majority in principal amount of the bonds Outstanding hereunder shall in writing request, or in the absence of such request, as the Trustees may determine, at public auction, at some convenient place in the City of Spokane, Washington, or such other place or places as may be required by law, having first given notice of such sale by publication in at least one Daily Newspaper published and of general circulation in the City of Spokane, Washington (if there be such a Daily Newspaper), at least once a week for four (4) weeks next preceding such sale, and by like publication in at least one Daily Newspaper published and of general circulation in the Borough of Manhattan, The City of New York, and any other notice which may be required by law, and from time to time may adjourn such sale in their discretion by announcement at the time and place fixed for such sale without further notice, and upon such sale may make and deliver to the purchaser or purchasers a good and sufficient deed or deeds for the same, which sale shall, to the extent then permitted by law, be a perpetual bar, both at law and in equity, against the Company and all persons, firms and corporations lawfully claiming or who may claim by, through or under it.

SECTION 68. In case of the breach of any of the covenants or conditions of this Indenture, the Trustees shall have the right and power to take appropriate judicial proceedings for the enforcement of their rights and the rights of the bondholders hereunder. In case of a Completed Default hereunder, the Trustees may either after entry, or without entry, proceed by writ or suits at law or in equity to enforce payment of the bonds then Outstanding hereunder and to foreclose this Indenture and to sell the Mortgaged and Pledged Property under the judgment or decree of a court of competent jurisdiction; and it shall be obligatory upon the Trustees to take action, either by such proceedings or by the exercise of their powers with respect to entry or sale, as they may determine, upon being requested so to do by the holders of twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder and upon being indemnified as hereinafter provided. No bondholder or bondholders shall be entitled to take any such proceeding except in case of refusal or neglect of the Trustees to act after such Completed Default and such request and tender of indemnity as aforesaid, subject, however, to the provisions of Section 79 hereof.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustees or either of them (or to the bondholders), is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default hereunder, whether by the Trustees or by the bondholders, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

Section 69. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the bonds then Outstanding hereunder shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustees, to direct the method and place of conducting all proceedings to be taken for any sale of the Mortgaged and Pledged Property, or for the foreclosure of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 70. In case of a Completed Default hereunder, and upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustees and of the bondholders under this Indenture, the Trustees shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged and Pledged Property, and of the tolls, rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer, whether or not the Mortgaged and Pledged Property shall be adequate to satisfy the bonds then Outstanding.

Section 71. Upon any sale being made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the principal of all bonds then secured hereby, if not previously due, shall become and be immediately due and payable.

Section 72. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, any bondholder or bondholders or the Trustees may bid for and purchase the Mortgaged and Pledged Property or any part thereof and upon

compliance with the terms of sale may hold, retain and possess and dispose of such property in his, their or its own absolute right without further accountability, and any purchasers at any such sale may, in paying the purchase money, turn in any of the bonds Outstanding hereunder and coupons or claims for interest outstanding hereunder in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, subject, however, to the provisions in respect to extended, pledged and transferred coupons and claims for interest contained in Section 75 hereof. Said bonds and coupons, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show partial payment.

SECTION 73. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure, or otherwise for the enforcement, of this Indenture, the receipt of the Trustees or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money and such purchaser or purchasers, his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustees or of such officer therefor, be obliged to see to the application of such purchase money, or be in any wise answerable for any loss, misapplication or non-application thereof.

SECTION 74. Any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture shall, if and to the extent then permitted by law, operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company of, in and to the property so sold, and be a perpetual bar both at law and in equity against the Company, its successors and assigns and against any and all persons, firms or corporations claiming

or who may claim the property sold, or any part thereof, from, through or under the Company, its successors or assigns.

SECTION 75. The proceeds of any sale made either under the power of sale hereby given, or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, together with any other amounts of cash which may then be held by the Trustees or either of them, as part of the Mortgaged and Pledged Property shall be applied, as follows:

First.—To the payment of all taxes, assessments, governmental charges, Prior Liens and liens prior to the Lien of this Indenture, except those subject to which such sale shall have been made, and of all the costs and expenses of such sale, including reasonable compensation to the Trustees, their agents and attorneys, and of all other sums payable to the Trustees hereunder by reason of any expenses incurred or advances made in connection with the management or administration of the trusts hereby created;

Second.—To the payment in full of the amounts then due and unpaid for principal, premium and interest upon the bonds then secured hereby; and in case such proceeds shall be insufficient to pay in full the amounts so due and unpaid, then to the payment thereof ratably, with interest on the overdue principal at the rates expressed in the bonds, without preference or priority as to principal, premium or interest, or of any installment of interest over any other installment of interest; *provided, however,* that if the time for the payment of any coupon or claim for interest upon any of the bonds secured hereby shall have been extended (except pursuant to action taken under Article XVIII hereof) by or with the consent of the Company, or if any thereof at or after maturity shall have been transferred or pledged separate from the bond to which they relate, such coupons or claims for interest shall not be entitled in case of default hereunder to the benefit or security of this Indenture except after the prior payment in full of the principal and premium, if any, of all bonds issued hereunder and then secured

hereby and of all coupons and claims for interest on such bonds the payment of which has not been so extended, or not so transferred or pledged; but the foregoing provisions of this paragraph *Second* shall not be applicable to any coupon or claim for interest the time for the payment of which shall have been extended, if such extension be pursuant to a plan proposed by the Company to all holders of any one or more series of bonds then Outstanding and accepted by and binding upon the holder of such coupon or claim for interest;

Third.—Any surplus thereof remaining to the Company, its successors or assigns or to whosoever may be lawfully entitled to receive the same.

SECTION 76. In case of a default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the Company nor any one claiming through or under it shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged and Pledged Property may be situated, in order to prevent or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the Mortgaged and Pledged Property, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereof, but the Company, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may so do, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State of Washington or Idaho or of any other state where any of the Mortgaged and Pledged Property may be situated. And the Company, for itself and all who may claim through or under it, waives any and all right to have the estates comprised in the security intended to be created hereby marshalled upon any foreclosure of the Lien hereof, and agrees that any court having jurisdiction to foreclose such Lien may sell the Mortgaged and Pledged Property as an entirety.

SECTION 77. The Company covenants that if default shall be made in the payment of the principal of any bond hereby secured when the same shall become payable, whether by the maturity of said bond or otherwise, then upon demand of the Trustees, the Company will pay to the Trustees, for the benefit of the holders of the bonds and coupons then secured hereby, the whole amount due and payable on all such bonds and coupons for principal, premium, if any, and interest, with interest upon the overdue principal at the same rate borne by the bonds which are overdue, and in case the Company shall fail to pay the same forthwith upon such demand, the Trustees in their own names and as trustees of an express trust shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid, and in case of the pendency of any receivership, insolvency or bankruptcy proceeding affecting the Company or its property, to file and prove a claim for the whole amount so due and unpaid, with interest as aforesaid.

The Trustees, to the extent permitted by law, shall be entitled to sue and recover judgment and/or to file and prove such claim as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the Lien of this Indenture upon the Mortgaged and Pledged Property, and in case of a sale of any of the Mortgaged and Pledged Property and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustees in their own names and as trustees of an express trust shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all the bonds and coupons then Outstanding hereunder, for the benefit of the holders thereof, and the Trustees shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustees and no levy of any execution upon any such judgment upon any of the Mortgaged and Pledged Property or upon any other property, shall in any manner or to any extent affect the Lien of this Indenture upon the Mortgaged and Pledged Property or any part thereof, or any rights, powers or remedies of the Trustees hereunder, or any lien,

rights, powers or remedies of the holders of the said bonds, but such lien, rights, powers and remedies of the Trustees and of the bondholders shall continue unimpaired as before. In case of any receivership, insolvency, bankruptcy or other similar proceedings affecting the Company or its property, the Trustees shall be entitled to file and prove a claim for the entire amount due and payable by the Company under this Indenture at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Company hereunder after such date, without regard to or deduction for any amount which may have been or which may thereafter be received, collected or realized by the Trustees from or out of the Mortgaged and Pledged Property or any part thereof or from or out of the proceeds thereof or any part thereof; but shall not be entitled to consent to any composition or plan of reorganization on behalf of any bondholder unless by him specifically authorized so to do.

Any moneys thus collected or received by the Trustees under this Section shall be applied by them first, to the payment of their expenses, disbursements and compensation and the expenses, disbursements and compensation of their agents and attorneys, and, second, toward payment of the amounts then due and unpaid upon such bonds and coupons in respect of which such moneys shall have been collected, ratably and without preference or priority of any kind (subject to the provisions of Section 73 hereof with respect to extended, transferred or pledged coupons and claims for interest), according to the amounts due and payable upon such bonds and coupons, respectively, at the date fixed by the Trustees for the distribution of such moneys, upon presentation of the several bonds and coupons and upon stamping such payment thereon, if partly paid, and upon surrender thereof, if fully paid.

SECTION 73. All rights of action (including the right to file proof of claim) under this Indenture or under any of the bonds or coupons may be enforced by the Trustees, or either of them, without the possession of any of the bonds or coupons, or the production thereof in any

trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustees, or either of them, shall be brought in their names as Trustees, or in its or his name as Trustee, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding bonds and coupons, subject to the provisions of Section 75 hereof with respect to extended, transferred or pledged coupons and claims for interest.

In any proceeding brought by the Trustees, or either of them, such Trustees or Trustee shall be held to represent all the holders of the bonds and coupons secured by this Indenture and it shall not be necessary to make such holders of the bonds and coupons parties to any such proceedings.

SECTION 79. No holder of any bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless such holder shall have previously given to the Trustees written notice of a Completed Default, nor unless also the holders of twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder shall have made written request to the Trustees and shall have offered them reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own names, nor unless also they shall have offered to the Trustees adequate security and indemnity against the cost, expenses and liabilities to be incurred therein or thereby; and such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustees to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for foreclosure or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice

the Lien of this Indenture by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of Outstanding bonds and coupons. Nothing in this Indenture contained shall, however, affect or impair the right of any bondholder which is absolute and unconditional to enforce the payment of the principal of and interest on his bonds at and after the maturity thereof or the obligation of the Company which is also absolute and unconditional to pay the principal of and interest on each of the bonds issued hereunder to the respective holders thereof at the time and place in said bonds and the appurtenant coupons expressed.

SECTION 80. The Company may waive any period of grace provided for in this Article.

SECTION 81. In case the Trustees shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustees, then and in every such case the Company and the Trustees shall be restored to their former positions and rights hereunder with respect to the Mortgaged and Pledged Property, and all rights, remedies and powers of the Trustees shall continue as if no such proceedings had been taken.

ARTICLE XIII.

Evidence of Rights of Bondholders and Ownership of Bonds.

SECTION 82. Any request, declaration or other instrument, which this Indenture may require or permit to be signed and executed by the bondholders, may be in any number of concurrent instruments of similar tenor, and shall be signed or executed by such bondholders in person or by attorney appointed in writing. Proof of the execution of any

such request or other instrument, or of a writing appointing any such attorney, or of the holding by any person of the bonds or coupons appertaining thereto, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(a) The fact and date of the execution by any person of such request or other instrument or writing may be proved by a certificate acknowledged as required for an instrument to be recorded in the State of New York;

(b) The amount of bonds transferable by delivery held by any person executing such request or other instrument as a bondholder, and the series and serial numbers thereof, held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository wherever situated, if such certificate shall be deemed by the Corporate Trustees to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository the bonds described in such certificate. The Trustees or either of them may nevertheless in their discretion require further proof in cases where they deem further proof desirable. The ownership of registered bonds shall be proved by the registry books.

Any request, consent or vote of the owner of any bond shall bind all future owners of said bond or of any bond issued in exchange or substitution for said bond in respect of anything done or suffered by the Company or the Trustees in pursuance thereof.

SECTION 83. The Company and the Trustees may deem and treat the bearer of any temporary or coupon bond Outstanding hereunder, which shall not at the time be registered as to principal as hereinbefore authorized, and the bearer of any coupon for interest on any such bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, and

neither the Company nor the Trustees shall be affected by any notice to the contrary.

The Company and the Trustees may deem and treat the person in whose name any fully registered bond Outstanding hereunder shall be registered upon the books of the Company, as herein authorized, as the absolute owner of such bond for the purpose of receiving payment of or on account of the principal of and interest on such bond and for all other purposes, and they may deem and treat the person in whose name any coupon bond shall be so registered as to principal as the absolute owner thereof for the purpose of receiving payment of or on account of the principal thereof and for all other purposes, except to receive payment of interest represented by outstanding coupons; and all such payments so made to any such registered holder, or upon his order, shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid, and neither the Company nor the Trustees shall be affected by any notice to the contrary.

Neither the Company nor the Trustees shall be bound to recognize any person as the holder of a bond Outstanding under this Indenture unless and until his bond is submitted for inspection, if required, except as may otherwise be provided by regulations made under Section 109 hereof, and his title thereto satisfactorily established, if disputed.

ARTICLE XIV.

Immunity of Incorporators, Subscribers to the Capital Stock, Stockholders, Officers and Directors.

SECTION 84. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any indenture supplemental hereto, or in any bond or coupon hereby secured, or because of the creation of any indebtedness hereby secured, shall be had against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any prede-

cassor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute, constitution or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise; it being expressly agreed and understood that this Indenture, any indenture supplemental hereto and the obligations hereby and thereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, subscribers to the capital stock, stockholders, officers or directors of the Company or of any predecessor or successor corporation, or any of them, as such, because of the incurring of the indebtedness hereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any indenture supplemental hereto or in any of the bonds or coupons hereby secured, or payable therefrom, and that any and all such personal liability of every name and nature, and any and all rights and claims against every such incorporator, subscriber to the capital stock, stockholder, officer or director, as such, whether arising at common law or in equity, or created by rule of law, statute, constitution or otherwise, are expressly released and waived as a condition of, and as part of the consideration for, the execution of this Indenture and the issue of the bonds and interest obligations secured hereby.

ARTICLE IV.

Effect of Merger, Consolidation, Etc.

SECTION 35. Nothing in this Indenture shall prevent any consolidation of the Company with, or merger of the Company into, any corporation having corporate authority to carry on any of the businesses mentioned in Section 4 of this Indenture, or any conveyances, transfer or lease, subject to the Lien of this Indenture, of all or substantially all of the Mortgaged and Pledged Property as an entirety to any corporation lawfully entitled to acquire or lease or operate the same;

provided, however, that the Company covenants and agrees, that such consolidation, merger, conveyance, transfer or lease shall be upon such terms as fully to preserve and in no respect to impair the Lien or security of this Indenture, or any of the rights or powers of the Trustees or the Bondholders hereunder; and provided, further, that any such lease shall be made expressly subject to immediate termination by the Company or by the Trustees at any time during the continuance of a Completed Default hereunder, and also by the purchaser of the property so leased at any sale thereof hereunder, whether such sale be made under the power of sale hereby conferred or under judicial proceedings; and provided further, that, upon any such consolidation, merger, conveyance or transfer, or upon any such lease the term of which extends beyond the date of maturity of any of the bonds secured hereby, the due and punctual payment of the principal and interest of all said bonds according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Indenture to be kept or performed by the Company shall be expressly assumed in writing by the corporation formed by such consolidation or into which such merger shall have been made, or acquiring all or substantially all the Mortgaged and Pledged Property as an entirety, as aforesaid, or by the lessee under any such lease the term of which extends beyond the date of maturity of any of the bonds secured hereby.

Section 86. In case the Company, as permitted by Section 85 hereof, shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to the Lien of this Indenture, all or substantially all the Mortgaged and Pledged Property as an entirety, the successor corporation formed by such consolidation, or into which the Company shall have been merged, or which shall have received a conveyance or transfer as aforesaid—upon executing with the Trustees and causing to be recorded an indenture, satisfactory to the Trustees, whereby such successor corporation shall assume and agree

to pay, duly and punctually, the principal of and interest on the bonds issued hereunder in accordance with the provisions of said bonds and coupons and this Indenture, and shall agree to perform and fulfill all the covenants and conditions of this Indenture to be kept or performed by the Company—shall succeed to and be substituted for the Company with the same effect as if it had been named herein, and shall have and may exercise under this Indenture the same powers and rights as the Company, and (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing general powers and rights) such successor corporation thereafter may cause to be executed, authenticated and delivered, either in its own name or in the name of The Washington Water Power Company, as its name shall then exist, in respect of property of the character defined in Section 4 hereof as Property Additions, such bonds as could or might have been executed, issued and delivered by the Company had it acquired such property of such character by purchase on or after the date of such consolidation, merger, conveyance or transfer, and had such consolidation, merger, conveyance or transfer not occurred, and upon the order of such successor corporation in lieu of the Company, and subject to all the terms, conditions and restrictions in this indenture prescribed, concerning the authentication and delivery of bonds, the Corporate Trustee shall authenticate and deliver any bonds delivered to it for authentication which shall have been previously signed by the proper officers of the Company, and such bonds as the successor corporation shall thereafter, in accordance with the provisions of this Indenture, cause to be executed and delivered to the Corporate Trustee for such purpose, and such successor corporation shall also have and may exercise in respect of the property of such character, and subject to all the terms, conditions and restrictions in this Indenture prescribed applicable thereto, whether as to withdrawal of cash, release of property, credit under Section 38 or Section 39 hereof, or otherwise, the same powers and rights which the Company might or could exercise had it acquired the property of such character by purchase on or after

the date of such consolidation, merger, conveyance or transfer, and had such consolidation, merger, conveyance or transfer not occurred. All the bonds so issued shall in all respects have the same legal right and security as the bonds theretofore issued in accordance with the terms of this Indenture as though all of said bonds had been authenticated and delivered at the date of the execution hereof. As a condition precedent to the execution by such successor corporation and the authentication and delivery by the Corporate Trustee of any such additional bonds or the withdrawal of cash or the release of property, under any of the provisions of this Indenture or the taking of a credit under Section 38 or Section 39 hereof, on the basis of property of the character defined in this Indenture as Property Additions acquired, made or constructed by the successor corporation or by any corporation with which the Company or any successor corporation may be so consolidated or into which the Company or any successor corporation may be so merged or to which the Company or any successor corporation may make any such conveyance, the Indenture with the Trustees to be executed and caused to be recorded by the successor corporation as in this Section provided, or a subsequent indenture, shall contain a conveyance or transfer and mortgage in terms sufficient to subject such property to the Lien hereof; and provided further that the lien created thereby and the lien thereon shall have similar force, effect and standing as the Lien of this Indenture would have if the Company should not be consolidated with or merged into such other corporation or should not convey or transfer, subject to this Indenture, all or substantially all the Mortgaged and Pledged Property as an entirety, as aforesaid, to such successor corporation, and should itself on or after the date of such consolidation, merger, conveyance or transfer, acquire or construct such property, and in respect thereof should request the authentication and delivery of bonds or the withdrawal of cash or the release of property under the provisions of this Indenture or take a credit under Section 38 or Section 39 hereof.

The Trustees may receive an Opinion of Counsel as conclusive evidence that any such assumption and any such lien and any such indenture complies with the foregoing conditions and provisions of this Section.

SECTION 87. In case the Company, as permitted by Section 85 of this Indenture, shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to this Indenture, all or substantially all the Mortgaged and Pledged Property as an entirety as aforesaid, neither this Indenture nor the indenture with the Trustees to be executed and caused to be recorded by the successor corporation as in Section 86 hereof provided, shall, unless such indenture shall otherwise provide, become or be a lien upon any of the properties or franchises of the successor corporation except (a) those acquired by it from the Company, and improvements, extensions and additions thereto and renewals and replacements thereof, (b) the property made and used by the successor corporation as the basis under any of the provisions of this Indenture for the authentication and delivery of additional bonds or the withdrawal of cash or the release of property or a credit under Section 38 or Section 39 hereof, and (c) such franchises, repairs and additional property as may be acquired, made or constructed by the successor corporation (1) to maintain, renew and preserve the franchises covered by this Indenture or (2) to maintain the property mortgaged and intended to be mortgaged hereunder as an operating system or systems in good repair, working order and condition, or (3) in pursuance of some covenant or agreement hereof to be kept or performed by the Company.

ARTICLE XVI.

Concerning the Trustees.

SECTION 88. The Trustees hereby accept the trust hereby created and full responsibility for the exercise of due care in the performance of their powers and duties as the same have been defined by the express terms of this Indenture.

SECTION 89. The recitals of fact herein contained shall be taken as the statements of the Company and the Trustees assume no responsibility for the correctness of the same. The Trustees make no representations as to the value of the Mortgaged and Pledged Property or any part thereof, or as to the title of the Company thereto, or as to the security afforded thereby and hereby, or as to the validity of this Indenture or of the bonds or coupons issued hereunder, and the Trustees shall incur no responsibility in respect of such matters.

SECTION 90. The Trustees shall be under no duty to file or record or cause to be filed or recorded this Indenture, or any instruments supplemental hereto, as a mortgage, conveyance or transfer of real or personal property, or otherwise, or to re-file or re-record or renew the same, or to procure any further, other, or additional instruments of further assurance, or to see to the delivery to them of any personal property intended to be mortgaged or pledged hereunder, or to do any other act which may be suitable to be done for the better maintenance or continuance of the Lien or security hereof, or for giving notice of the existence of such Lien, or for extending or supplementing the same or to see that any property intended now or hereafter to be conveyed in trust hereunder is subjected to the Lien hereof. The Trustees shall not be liable for failure of the Company to insure or renew insurance or for responsibilities of insurers, or for the adequacy of any method or plan of protection against loss by fire adopted by the Company as

permitted by the provisions of Section 37 hereof, or for the failure of the Company to pay any tax or taxes in respect of the Mortgaged and Pledged Property, or any part thereof, or otherwise, nor shall the Trustees be under any duty in respect of any tax which may be assessed against them or the owners of the bonds Outstanding hereunder in respect of the Mortgaged and Pledged Property. The Trustees shall be under no duty or responsibility with respect to the validity or value of any securities at any time held by them hereunder. The Trustees shall be under no responsibility or duty with respect to the disposition of the bonds authenticated and delivered hereunder or the application of the proceeds thereof or the application of any moneys paid to the Company under any of the provisions hereof. No implied covenant shall be read into this Indenture against the Trustees, or against either or any of them, but the duties and obligations of the Trustees to the Company and to all others shall be determined solely by the express provisions of this Indenture.

SECTION 31. The Trustees may execute any of the trusts or powers hereof and perform any duty hereunder, either themselves or by or through their attorneys or agents, and they shall not be answerable or accountable for any act, default, neglect, or misconduct of any such attorneys or agents, if reasonable care shall have been exercised in the appointment and retention thereof, nor shall the Trustees be otherwise answerable or accountable under any circumstances whatsoever, except for their own negligence or bad faith. Whenever it is provided in this Indenture that the Trustees shall take any action either upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Company, the Trustees taking such action shall have full power to give any and all notices and to do any and all acts and things incidental to such action. The Trustees shall not be liable in case of entry by them upon the Mortgaged and Pledged Property for debts contracted or liability or damages incurred in the management or operation of said property.

Nothing in this Article contained, however, shall be construed to deprive any holder or holders of any of the bonds hereby secured of any legal or equitable remedy that such holder or holders may have by reason of fraud, collusion, negligence or wilful misconduct.

SECTION 92. The Trustees shall not be required, save as herein specifically provided, to ascertain or inquire as to the performance of any of the covenants or agreements herein contained on the part of the Company. The Trustees shall not be under any obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the holders of twenty-five per centum (25%) in principal amount of the bonds then Outstanding hereunder; but this provision shall not affect any discretionary power herein given to the Trustees or either of them. Anything in this Indenture to the contrary notwithstanding, the Trustees shall be under no obligation or duty to perform any act hereunder (other than the delivery of a notice in writing declaring the principal and interest of the Outstanding bonds to be due and payable as provided in Section 65 hereof) or to institute or defend any suit in respect hereof, unless properly indemnified to their satisfaction.

SECTION 93. Except as herein otherwise provided, any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustees on the Company shall be deemed to have been sufficiently given and served, for all purposes, by being deposited postage prepaid in a postoffice letter box in The City of New York, addressed (until another address is filed by the Company with the Trustees), as follows: The Washington Water Power Company, Spokane, Washington.

SECTION 94. The Trustees or either of them shall be protected in acting upon any Resolution, Treasurer's Certificate, Engineer's Cer-

tificate, Independent Engineer's Certificate, Net Earning Certificate, Opinion of Counsel, notice, resolution, request, consent, order, certificate, appraisal, report, opinion, bond, or other paper or document believed by them or either of them to be genuine and to have been signed or presented by the proper party or parties. The Trustees may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder in good faith and in accordance with the opinion of such counsel. The Trustees shall not be under any responsibility for the selection, appointment or approval of any engineer, appraiser, or counsel or of any other person or firm for any of the purposes expressed in this Indenture. Any Resolution of the Board of Directors or Executive Committee shall be evidenced to the Trustees by a copy thereof certified as such by the Secretary or an Assistant Secretary of the Company, and the Trustees may accept such copy as conclusive evidence of the adoption of such Resolution and of the facts and statements therein contained.

SECTION 95. Upon any application for the authentication and delivery of bonds hereunder or for the payment of any moneys held by the Trustees or either of them under any provision of this Indenture, or for the execution of any release, or upon any other application to the Trustees hereunder, the Resolutions, Treasurer's Certificates, Engineer's Certificates, Independent Engineer's Certificates, Net Earning Certificates, Opinions of Counsel, resolutions, certificates, statements, opinions, appraisals, reports, documents, and orders required by any of the provisions of this Indenture to be delivered to the Trustees or to the Corporate Trustee as a condition of the granting of such application may be received by the Trustees or by the Corporate Trustee as conclusive evidence of any fact or matter therein set forth and shall be full warrant, authority and protection to the Trustees or to the Corporate Trustee acting on the faith thereof, not only in respect of the facts but also in respect of the opinions therein set forth; and

before granting any such application the Trustees or the Corporate Trustee shall not be bound to make any further investigation into the matters stated in any such Resolution, Treasurer's Certificate, Engineer's Certificate, Independent Engineer's Certificate, Net Earning Certificate, Opinion of Counsel, resolution, certificate, statement, opinion, appraisal, report, document, or order, but the Trustees or the Corporate Trustee may, and if requested in writing so to do by the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding bonds and furnished with adequate security and indemnity against the costs and expenses of such examination, shall, make such further investigation as to them or it may seem proper. If the Trustees or the Corporate Trustee shall determine or shall be requested, as aforesaid, to make such further inquiry, they or it shall be entitled to examine the books, records and premises of the Company, either themselves or by agent or attorney; and unless satisfied, with or without such examination, of the truth and accuracy of the matters stated in such Resolutions, Treasurer's Certificates, Engineer's Certificates, Independent Engineer's Certificates, Net Earning Certificates, Opinions of Counsel, resolutions, certificates, statements, opinions, appraisals, reports, documents, or orders, they or it shall be under no obligation to grant the application. If after such examination or other inquiry the Trustees or the Corporate Trustee shall determine to grant the application they or it shall not be liable for any action taken in good faith. The reasonable expense of every such examination shall be paid by the Company, or if paid by the Trustees or the Corporate Trustee shall be repaid by the Company, upon demand, with interest at the rate of six per centum (6%) per annum, and until such repayment, shall be secured by a lien on the Mortgaged and Pledged Property and the proceeds thereof prior to the lien of the bonds and coupons issued hereunder.

SECTION 96. Subject to the provisions of Section 106 hereof, all monies received by the Trustees or the Corporate Trustee or any

paying agent under any provision of this Indenture shall, until used or applied as herein provided, be held in trust for the purposes for which they were paid, but need not be segregated from other funds. The Corporate Trustee shall allow and credit to the Company interest on any moneys received by it hereunder at such rate as may be agreed upon with the Company from time to time and as may be permitted by law. The Corporate Trustee may act as depository for the Company or any committees formed to protect the rights of holders of bonds or any other securities of the Company or to effect or aid in any reorganization growing out of the enforcement of the bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in principal amount of the bonds outstanding hereunder.

SECTION 97. The Company covenants and agrees to pay to the Trustees from time to time reasonable compensation for all services rendered hereunder, and also all their reasonable expenses, charges, counsel fees and other disbursements and those of their attorneys, agents, and employees, incurred in and about the administration and execution of the trusts hereby created, and the performance of their powers and duties hereunder. In default of such payments by the Company, the Trustees shall have a lien therefor on the Mortgaged and Pledged Property and the proceeds thereof prior to the lien of the bonds and coupons issued hereunder.

SECTION 98. Whenever in the administration of the trusts of this Indenture the Trustees or the Corporate Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and delivered to the Corporate Trustee and such certificate shall be full warrant to the Trustees or the Corporate Trust-

tee for any action taken or suffered by them or it under the provisions of this Indenture upon the faith thereof; but in their discretion the Trustees or the Corporate Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to them may seem reasonable.

SECTION 99. If any Trustee for the time being hereunder shall be, or shall become, a creditor, directly or indirectly, secured or unsecured, of the Company prior to a default by the Company as defined by the Statutes of the United States of America, now or hereafter enacted, applicable to indentures relating to securities similar to the bonds secured by this Indenture, or by the rules, regulations or orders of any regulatory body having jurisdiction pursuant to such Statutes, within such period or periods prior to such default as may be specified in such Statutes or in such rules, regulations or orders or subsequent to such a default then, unless and until such default shall be cured, such Trustee shall set apart and hold in a special account for the benefit of such Trustee individually and of the holders of the bonds and coupons secured by this Indenture, to the extent and in the manner required in such Statutes or in such rules, regulations or orders, such amounts and such property as may be prescribed by such Statutes or by such rules, regulations or orders; and, if such Trustee shall be required to account, any funds and property held in such special account and the proceeds thereof shall be apportioned between such Trustee and the holders of the bonds and coupons secured by this Indenture in such manner as may be provided in any such Statutes or in such rules, regulations or orders.

If any Trustee hereunder for the time being has or acquires any conflicting interest as now or hereafter defined by the Statutes of the United States of America applicable to trustees under indentures relating to securities similar to the bonds secured by this Indenture, or by the rules, regulations or orders of any regulatory body having jurisdiction pursuant to such Statutes, which Statutes or rules or regula-

tions or orders would require trustees subject thereto having, or acquiring, any such conflicts of interest to resign, or which would disqualify any such Trustee from accepting any trusteeship under any indenture similar to this Indenture, such Trustee shall either eliminate such conflicting interest within the time prescribed by such Statutes or rules or regulations or orders, or resign in the manner herein provided.

Subject to the foregoing provisions of this Section, the Corporate Trustee, Individual Trustee or other trustee hereunder and any successor hereafter appointed may each acquire and hold bonds and coupons secured by this Indenture and otherwise deal with the Company in the same manner and to the same extent and with like effect as though they, he or it were not a Corporate Trustee, Individual Trustee or other trustee hereunder.

If it shall be so required by any Statutes of the United States of America, now or hereafter enacted, applicable to trustees under indentures relating to securities similar to the bonds secured by this Indenture, or by the rules, regulations or orders of any regulatory body having jurisdiction pursuant to such Statutes, the Corporate Trustee shall transmit to the holders of the bonds secured by this Indenture and to such regulatory body and to such other persons as may be prescribed in such Statutes or in such rules, regulations or orders, to the extent and in the manner provided in such Statutes or in such rules, regulations or orders, such reports as may be required by such Statutes or by such rules, regulations or orders.

SECTION 100. The Trustees, or any successor or successors hereafter appointed, or any of them, may at any time resign and be discharged of the trusts hereby created by giving written notice to the Company and thereafter publishing notice thereof, specifying a date when such resignation shall take effect, once a week for three (3) successive calendar weeks in a Daily Newspaper published and of general circulation in the Borough of Manhattan, The City of New York, upon any secular day of each such calendar week, which need not be the

same day in each week, and such resignation shall take effect upon the day specified in such notice unless previously a successor trustee shall have been appointed by the bondholders or the Company as hereinafter provided, and in such event such resignation shall take effect immediately on the appointment of such successor trustee.

SECTION 101. The Trustees or either of them, or any successor or successors hereafter appointed, may be removed at any time by an instrument or concurrent instruments in writing filed with the Corporate Trustee, or a successor corporate trustee, and signed and acknowledged by the holders of a majority in principal amount of the bonds then Outstanding hereunder or by their attorneys in fact duly authorized.

In case at any time any Corporate Trustee shall cease to be an institution incorporated and doing business under the laws of the United States of America or of any State or territory or of the District of Columbia which (A) is authorized under such laws to exercise corporate trust powers and (B) is subject to supervision or examination by Federal, State, territorial or district authority or shall cease to have a combined capital and surplus of at least Two Hundred Fifty Thousand Dollars (\$250,000), then such Corporate Trustee shall resign immediately; and, in the event that such Corporate Trustee does not resign immediately in such case, then the Corporate Trustee may be removed forthwith by an instrument or concurrent instruments in writing filed with the Corporate Trustee and either (a) signed and sealed by the President or a Vice-President of the Company with its corporate seal attested by a Secretary or an Assistant Secretary of the Company or (b) signed and acknowledged by the holders of a majority in principal amount of the bonds then Outstanding hereunder or by their attorneys in fact duly authorized.

SECTION 102. In case at any time any Corporate Trustee, Individual Trustee or other trustee, or any successor or successors here-

after appointed, shall resign, or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of any Corporate Trustee, Individual Trustee or other trustee or of any such successor or of its or his property shall be appointed, or if any public officer shall take charge or control of any Corporate Trustee, Individual Trustee or other trustee or of any such successor or of its or his property or affairs, a successor or successors may be appointed by the holders of a majority in principal amount of the bonds then Outstanding hereunder, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys in fact duly authorized, and delivered to such new Corporate Trustee, Individual Trustee or other trustee, notification thereof being given to the Company, and the predecessor Corporate Trustee, Individual Trustee or other trustee; provided, nevertheless, that until a new Corporate Trustee, Individual Trustee or other trustee shall be appointed by the bondholders as aforesaid, the Company, by instrument executed by order of its Board of Directors and duly acknowledged by its proper officers, may appoint a Corporate Trustee, Individual Trustee or other trustee to fill such vacancy until a new Corporate Trustee, Individual Trustee or other trustee shall be appointed by the bondholders as herein authorized. The Company shall publish notice of any such appointment made by it once in each week for two (2) successive calendar weeks in a Daily Newspaper published and of general circulation in the Borough of Manhattan, The City of New York, upon any secular day of each such calendar week, which need not be the same day in each week. Any new Corporate Trustee, Individual Trustee or other trustee appointed by the Company shall, immediately and without further act, be superseded by a Corporate Trustee, Individual Trustee or other trustee appointed by the bondholders, as above provided.

It is the intention of the parties to this Indenture that there shall at all times be one or more trustees under this Indenture, one of whom shall be the Corporate Trustee as that term is defined in this Inden-

turo. If in a proper case no appointment of a successor Corporate Trustee, Individual Trustee or other trustee shall be made pursuant to the foregoing provisions of this Section within six (6) months after a vacancy shall have occurred in the office of Corporate Trustee, Individual Trustee or other trustee the holder of any bond Outstanding hereunder or any retiring Corporate Trustee, Individual Trustee or other trustee may apply to any court of competent jurisdiction to appoint a successor Corporate Trustee, Individual Trustee or other trustee. Said court may thereupon after such notice, if any, as such court may deem proper and prescribe, appoint a successor Corporate Trustee, Individual Trustee or other trustee.

Any Corporate Trustee appointed under the provisions of this Section in succession to the Corporate Trustee shall be a trust company organized under the laws of the State of New York or of the United States of America, and doing business in the Borough of Manhattan, The City of New York, or a national banking association doing business in the Borough of Manhattan, The City of New York, (a) which shall have at all times a combined capital and surplus aggregating at least Five Million Dollars (\$5,000,000), (b) which shall be authorized under the laws under which it is incorporated to exercise corporate trust powers, and (c) which is subject to supervision or examination by Federal, State, territorial or district authority, if there be such a trust company or national banking association willing and able to accept the trust on reasonable and customary terms.

Any Individual Trustee appointed in succession to Ralph E. Morton shall always be an individual, a citizen of the United States of America, unless otherwise required by law.

Section 103. All the estates, rights, titles and interest by this indenture conveyed or assigned or transferred to the Trustees are conveyed, assigned and transferred to them as joint tenants and not as tenants in common.

Except as herein expressly provided to the contrary, any notice, request, or other writing by or on behalf of the Company delivered solely to the Corporate Trustee shall be deemed to have been delivered to both of the Trustees hereunder as effectually as if delivered to each of them.

All cash collected by, or payable to, the Trustees or either of them pursuant to this Indenture shall be paid to and deposited with, and all stocks, bonds and other obligations or securities shall be held by the Corporate Trustee, except as otherwise required by law. Any moneys at any time coming into the hands of the Individual Trustee pursuant to this Indenture shall be at once paid over to the Corporate Trustee.

Whenever any moneys, bonds, shares of stock or other obligations are, under any provision of this Indenture, paid or delivered to or deposited with the Corporate Trustee, title to the same shall be deemed to be vested in both Trustees hereunder, and the same shall be deemed for all purposes hereunder to be part of the security for the bonds issued hereunder, but nothing in this Section contained shall be deemed to affect or impair any power or right conferred by any provision of this Indenture upon the Corporate Trustee to apply, disburse or otherwise act or deal with respect to any moneys, bonds, shares of stock or other obligations received or held by it as aforesaid.

Whenever and so long as a trust company, a bank or a national banking association shall be one of the Trustees hereunder, any request in writing by such trust company, bank or national banking association to the Individual Trustee shall be a sufficient warrant for the Individual Trustee to take such action as may be so requested.

The Individual Trustee or any successor, so far as permitted by law, may delegate to the Corporate Trustee, or any successor, the exercise of any power, discretionary or otherwise, conferred by any of the provisions of this Indenture.

The Individual Trustee has been joined as trustee in order to comply with any legal requirements respecting trustees under mortgages or deeds of trust of property in the states, or some of them, in which the mortgaged premises or part thereof are situate, and shall as such trustee possess such powers, and such powers only, as may be necessary to comply with such requirements. If by reason of the repeal of such requirements, or for any other reason, it shall not be necessary, in the Opinion of Counsel, that one of the trustees hereunder be an individual, and the Company shall file with the Corporate Trustee a written request for the removal of the Individual Trustee, together with an Opinion of Counsel to that effect, satisfactory to the Corporate Trustee, said Ralph E. Morton, or any successor, shall forthwith cease to be a trustee hereunder, and all powers of the Individual Trustee shall forthwith terminate, as shall his right, title or interest in and to the trust estate; and, unless and until there shall be appointed a new trustee as successor to the Individual Trustee, all the right, title and powers of the Trustees shall devolve upon the Corporate Trustee and its successors alone.

Any rights, powers or duties by any provisions of this Indenture conferred or imposed upon the Trustees may be exercised and performed by the Corporate Trustee alone without reference to the Individual Trustee in so far as permitted by law, and the Individual Trustee hereby irrevocably constitutes and appoints the Corporate Trustee his true and lawful attorney in fact with full power and authority, in so far as permitted by law, either in the name and on behalf of the Individual Trustee or of the Trustees jointly, to exercise any and all rights or powers conferred upon the Individual Trustee above, or upon the Trustees jointly, by any of the provisions of this Indenture, but subject to the duties hereby imposed upon the Individual Trustee, with full power of substitution and revocation, hereby ratifying and confirming all and singular the acts and things lawfully done by the Corporate Trustee or any substitute by virtue of this power of attorney. Any rights, powers or duties by any provisions of this Indenture

conferred or imposed upon the Trustees or the Corporate Trustee which may not be exercised and performed by the Corporate Trustee alone, or by the Individual Trustee and the Corporate Trustee jointly, may and shall be exercised and performed by the Individual Trustee without reference to the Corporate Trustee in so far as permitted by law.

If at any time, in order to conform to any law of any locality in which the Company now or at any time hereafter shall hold any property subject to the Lien of this Indenture, it becomes necessary or prudent, or if the Corporate Trustee shall be advised by counsel satisfactory to it (who may be of counsel for the Company) that it is necessary or prudent in the interest of the bondholders so to do, or if the holders of a majority in principal amount of bonds Outstanding under this Indenture shall in writing request the Corporate Trustee and the Company so to do, the Trustees and the Company shall unite in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint another trust company, bank or banking association having power so to act or one or more persons either to act as co-trustee or co-trustees of all or any of the property subject to the Lien hereof, jointly with the Trustees originally named herein, or their successors, or to act as separate trustee or trustees of any such property, with such powers and duties, not inconsistent herewith, as may be specified in the instrument of appointment. In the event that the Company shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, the Trustees alone or the Corporate Trustee alone shall have power to make such appointment.

Every separate trustee, every co-trustee and every successor trustee, shall, to the extent permitted by law, but to such extent only, be appointed subject to the following provisions and conditions, namely:

(1) The bonds secured hereby shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Corporate Trustee in respect of the custody of all bonds and other securities and of all cash pledged or deposited hereunder, shall be exercised solely by City Bank Farmers Trust Company or its successor in the trust hereunder; and

(2) The Company and the Corporate Trustee, at any time by an instrument in writing executed by them jointly, may accept the resignation of or remove any separate trustee or co-trustee appointed under this Section or otherwise, and may likewise and in like manner appoint a successor to such separate trustee or co-trustee so resigned or removed, anything herein contained to the contrary notwithstanding.

Any notice, request or other writing, by or on behalf of the holders of the bonds issued hereunder, delivered to City Bank Farmers Trust Company, or its successor in the trust, shall be deemed to have been delivered to the Individual Trustee and all of the trustees or co-trustees then serving hereunder as effectually as if delivered to each of them. Every instrument appointing any trustee or trustees other than a successor to City Bank Farmers Trust Company shall refer to this Indenture and the conditions in this Article expressed, and upon the acceptance in writing by such trustee or trustees, or co-trustee or co-trustees, he, they or it shall be vested with the estates or property specified in such instrument, either jointly with City Bank Farmers Trust Company, or its successor, or separately, as may be provided therein, subject to all the trusts, conditions and provisions of this Indenture; and every such instrument shall be filed with City Bank Farmers Trust Company or its successors in the trust. The Individual Trustee, or any separate trustee or trustees, or any co-trustee or co-trustees, may at any time by an instrument in writing constitute City Bank Farmers Trust Company or its successor in the trust hereunder his, their or its agent or attorney in fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and in behalf of him, them or it, and in his, their or its name. In case the Individual Trustee or any separate trustee or trustees or co-trustee or co-trustees, or a successor to any of them shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of said separate trustee

conferred or imposed upon the Trustees or the Corporate Trustee which may not be exercised and performed by the Corporate Trustee alone, or by the Individual Trustee and the Corporate Trustee jointly, may and shall be exercised and performed by the Individual Trustee without reference to the Corporate Trustee in so far as permitted by law.

If at any time, in order to conform to any law of any locality in which the Company now or at any time hereafter shall hold any property subject to the Lien of this Indenture, it becomes necessary or prudent, or if the Corporate Trustee shall be advised by counsel satisfactory to it (who may be of counsel for the Company) that it is necessary or prudent in the interest of the bondholders so to do, or if the holders of a majority in principal amount of bonds outstanding under this Indenture shall in writing request the Corporate Trustee and the Company so to do, the Trustees and the Company shall unite in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint another trust company, bank or banking association having power so to act or one or more persons either to act as co-trustee or co-trustees of all or any of the property subject to the Lien hereof, jointly with the Trustees originally named herein, or their successors, or to act as separate trustee or trustees of any such property, with such powers and duties, not inconsistent herewith, as may be specified in the instrument of appointment. In the event that the Company shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, the Trustees alone or the Corporate Trustee alone shall have power to make such appointment.

Every separate trustee, every co-trustee and every successor trustee, shall, to the extent permitted by law, but to such extent only, be appointed subject to the following provisions and conditions, namely:

- (1) The bonds secured hereby shall be authenticated and delivered, and all powers, duties, obligations and rights, conferred upon the Corporate Trustee in respect of the custody of all bonds and other securities and of all cash pledged or deposited hereunder, shall be exercised solely by City Bank Farmers Trust Company or its successor in the trust hereunder; and

(2) The Company and the Corporate Trustee, at any time by an instrument in writing executed by them jointly, may accept the resignation of or remove any separate trustee or co-trustee appointed under this Section or otherwise, and may likewise and in like manner appoint a successor to such separate trustee or co-trustee so resigned or removed, anything herein contained to the contrary notwithstanding.

Any notice, request or other writing, by or on behalf of the holders of the bonds issued hereunder, delivered to City Bank Farmers Trust Company, or its successor in the trust, shall be deemed to have been delivered to the Individual Trustee and all of the trustees or co-trustees then serving hereunder as effectually as if delivered to each of them. Every instrument appointing any trustee or trustee, other than a successor to City Bank Farmers Trust Company shall refer to this Indenture and the conditions in this Article expressed, and upon the acceptance in writing by such trustee or trustees or co-trustee or co-trustees, he, they or it shall be vested with the estates or property specified in such instrument, either jointly with City Bank Farmers Trust Company, or its successor, or separately, as may be provided therein, subject to all the trusts, conditions and provisions of this Indenture; and every such instrument shall be filed with City Bank Farmers Trust Company or its successors in the trust. The Individual Trustee, or any separate trustee or trustees, or any co-trustee or co-trustees, may at any time by an instrument in writing constitute City Bank Farmers Trust Company or its successor in the trust hereunder his, their or its agent or attorney in fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and in behalf of him, them or it, and in his, their or its name. In case the Individual Trustee or any separate trustee or trustees or co-trustee or co-trustees, or a successor to any of them shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of said separate trustee

or co-trustee, so far as permitted by law, shall vest in and be exercised by City Bank Farmers Trust Company or its successor in the trust, until the appointment of a new trustee as successor to the Individual Trustee or to such separate trustee or co-trustee.

SECTION 104. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor trustee, and also to the Company, an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as trustee herein; but the trustee ceasing to act shall nevertheless, on the written request of the Company, or of the successor trustee, or of the holders of ten per centum (10%) in principal amount of the bonds then Outstanding hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor trustee all the right, title and interest of the trustee to which he or it succeeds in and to the Mortgaged and Pledged Property and such rights, powers, trusts, duties and obligations, and the trustee ceasing to act shall also, upon like request, pay over, assign and deliver to the successor trustee any money or other property subject to the Lien of this Indenture, including any pledged securities which may then be in his or its possession. Should any deed, conveyance or instrument in writing from the Company be required by the new trustee for more fully and certainly vesting in and confirming to such new trustee such estates, properties, rights, powers, trusts and duties, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

SECTION 105. Any corporation into which the Corporate Trustee may be merged or with which it may be consolidated or any corporation

resulting from any merger or consolidation to which the Corporate Trustee shall be a party or any corporation to which substantially all the business and assets of the Corporate Trustee may be transferred, provided such corporation shall be a trust company organized under the laws of the State of New York or of the United States of America or a national banking association and shall have an office for the transaction of business in the Borough of Manhattan, The City of New York, shall be the successor Corporate Trustee under this Indenture, without the execution or filing of any paper or the performance of any further act on the part of any other parties hereto, anything herein to the contrary notwithstanding. In case any of the bonds contemplated to be issued hereunder shall have been authenticated but not delivered, any such successor to the Corporate Trustee may adopt the certificate of authentication of the original Corporate Trustee or of any successor to it, as trustee hereunder, and deliver the said bonds so authenticated; and in case any of said bonds shall not have been authenticated, any successor to the Corporate Trustee may authenticate such bonds either in the name of any predecessor hereunder or in the name of the successor trustee, and in all such cases such certificate shall have the full force which it is anywhere in said bonds or in this Indenture provided that the certificate of the Corporate Trustee shall have; provided, however, that the right to authenticate bonds in the name of City Bank Farmers Trust Company shall apply only to its successor or successors by merger, consolidation or sale as aforesaid.

ARTICLE XVII.

Discharge of Mortgage.

SECTION 106. The Trustees (and any trustee or trustees or co-trustee or co-trustees appointed pursuant to Section 102 or Section 103 hereof) may, and upon request of the Company shall, cancel and discharge the Lien hereof and of all indentures supplemental hereto and

execute and deliver by the Company such deeds and instruments as shall be requisite to satisfy the Lien hereof and of all indentures supplemental hereto, and reconvey and transfer to the Company the Mortgaged and Pledged Property, whenever all indebtedness secured hereby shall have been paid, including all proper charges of the Trustees hereunder.

Bonds and interest obligations for the payment of which and bonds for the redemption of which moneys shall have been set apart by or deposited with the Corporate Trustee, with irrevocable direction so to apply the same, subject to the provisions of Section 119 hereof (with or without any additional right given to the holders to surrender their bonds or obtain therefrom payment therefor prior to the redemption date) shall for purposes of satisfaction of the Lien of this Indenture be deemed to have been paid; provided that in case of redemption the notice requisite to the validity of such redemption shall have been given or arrangements shall have been made insuring to the satisfaction of the Corporate Trustee that the same will be given; and provided, further, that no such bond and/or interest obligation shall be deemed to have been paid until at least ten (10) days after the date when the principal, interest or redemption price shall have become payable, unless the funds deposited for the payment thereof shall have been deposited with irrevocable direction to segregate and hold the same as a separate trust fund for the benefit of the holders of such Outstanding unpaid obligations.

ARTICLE XVIII.

Meetings of Bondholders.

SECTION 107. Modifications and alterations of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or of the rights of the holders of bonds and coupons issued hereunder may be made as provided in the nine next succeeding Sections hereof numbered 108 to 116, both inclusive.

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execute and deliver to the Company such deeds and instruments as shall be requisite to satisfy the Lien hereof and of all indentures supplemental hereto; and reconvey and transfer to the Company the Mortgaged and Pledged Property, whenever all indebtedness secured hereby shall have been paid, including all proper charges of the Trustees hereunder.

Bonds and interest obligations for the payment of which and bonds for the redemption of which moneys shall have been set apart by or deposited with the Corporate Trustee, with irrevocable direction so to apply the same, subject to the provisions of Section 119 hereof (with or without any additional right given to the holders to surrender their bonds or obtain therefrom payment therefor prior to the redemption date) shall for purposes of satisfaction of the Lien of this Indenture be deemed to have been paid; provided that in case of redemption the notice requisite to the validity of such redemption shall have been given or arrangements shall have been made insuring to the satisfaction of the Corporate Trustee that the same will be given; and provided, further, that no such bond and/or interest obligation shall be deemed to have been paid until at least ten (10) days after the date when the principal, interest or redemption price shall have become payable, unless the funds deposited for the payment thereof shall have been deposited with irrevocable direction to segregate and hold the same as a separate trust fund for the benefit of the holders of such Outstanding unpaid obligations.

ARTICLE XVIII.

Meetings of Bondholders.

SECTION 107. Modifications and alterations of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or of the rights of the holders of bonds and coupons issued hereunder may be made as provided in the nine next succeeding Sections hereof numbered 108 to 116, both inclusive.

SECTION 108. The Corporate Trustee may at any time call a meeting of the bondholders and it shall call such a meeting on the written request of the Company, given pursuant to a Resolution of its Board of Directors, or a resolution of the holders of fifteen per centum (15%), or more in principal amount of the bonds Outstanding hereunder at the time of such request. In the event of the Corporate Trustee's failing for ten (10) days to call a meeting after being thereunto requested by the Company or the bondholders as above set forth, holders of Outstanding bonds to the amount above specified in this Section or the Company, pursuant to Resolution of its Board of Directors, may call such meeting. Every such meeting called by and at the instance of the Corporate Trustee shall be held in the Borough of Manhattan, The City of New York, or with the written approval of the Company, at any other place in the United States of America, and written notice thereof, stating the place and time thereof and in general terms the business to be submitted, shall be mailed by the Corporate Trustee not less than thirty (30) days before such meeting (a) to each registered holder of bonds then Outstanding hereunder addressed to him at his address appearing on the registry books, (b) to each holder of any bond then Outstanding hereunder payable to bearer whose name and address appear on the last list of bondholders furnished to the Corporate Trustee by the Company pursuant to the provisions of Section 43 hereof, and (c) to the Company addressed to it at Spokane, Washington (or at such other address as may be designated by the Company from time to time), and shall be published by the Corporate Trustee at least once a week for four (4) successive calendar weeks immediately preceding the meeting, upon any secular day of each such calendar week, which need not be the same day of each week, in a Daily Newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York; provided, however, that the mailing of such notice to any bondholders shall in no case be a condition precedent to the validity of any action taken at such meeting. If such meeting is called by or

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SECTION 108. The Corporate Trustee may at any time call a meeting of the bondholders and it shall call such a meeting on the written request of the Company, given pursuant to a Resolution of its Board of Directors, or a resolution of the holders of fifteen per centum (15%) or more in principal amount of the bonds Outstanding hereunder at the time of such request. In the event of the Corporate Trustee's failing for ten (10) days to call a meeting after being thereunto requested by the Company or the bondholders as above set forth, holders of Outstanding bonds to the amount above specified in this Section or the Company, pursuant to Resolution of its Board of Directors, may call such meeting. Every such meeting called by and at the instance of the Corporate Trustee shall be held in the Borough of Manhattan, The City of New York, or with the written approval of the Company, at any other place in the United States of America, and written notice thereof, stating the place and time thereof and in general terms the business to be submitted, shall be mailed by the Corporate Trustee not less than thirty (30) days before such meeting (a) to each registered holder of bonds then Outstanding hereunder addressed to him at his address appearing on the registry books, (b) to each holder of any bond then Outstanding hereunder payable to bearer whose name and address appear on the last list of bondholders furnished to the Corporate Trustee by the Company pursuant to the provisions of Section 43 hereof, and (c) to the Company addressed to it at Spokane, Washington (or at such other address as may be designated by the Company from time to time), and shall be published by the Corporate Trustee at least once a week for four (4) successive calendar weeks immediately preceding the meeting, upon any secular day of each such calendar week, which need not be the same day of each week, in a Daily Newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York; provided, however, that the mailing of such notice to any bondholders shall in no case be a condition precedent to the validity of any action taken at such meeting. If such meeting is called by or

at the instance either of the Company or of the bondholders, it shall be held at such place in the United States of America as may be specified in the notice calling such meeting and notice thereof shall be sufficient for all purposes hereof if given by newspaper publication as aforesaid stating the place and time of the meeting and in general terms the business to be transacted. Any meeting of bondholders shall be valid without notice if the holders of all bonds then Outstanding hereunder are present in person or by proxy and if the Company and the Corporate Trustee are present by duly authorized representatives, or if notice is waived in writing before or after the meeting by the Company, the holders of all bonds Outstanding hereunder and by the Corporate Trustee, or by such of them as are not present in person or by proxy.

SECTION 109. Officers and nominees of the Corporate Trustee and of the Company and the Individual Trustee or his nominees may attend such meeting, but shall not ~~as~~ be entitled to vote thereat. Attendance by bondholders may be in person or by proxy. In order that the holder of any bond payable to bearer and his proxy may attend and vote without producing his bond, the Corporate Trustee, with respect to any such meeting called by the Corporate Trustee, may make and from time to time vary such regulations as it shall think fit for deposit of bonds with or the stamping of bonds by, any banks, bankers or trust or insurance companies, and for the issue to the persons depositing the same of certificates by such depositaries entitling the holders thereof to be present and vote at any such meeting and to appoint proxies to represent them and vote for them at any such meeting in the same way as if the persons so present and voting, either personally or by proxy, were the actual bearers of the bonds in respect of which such certificate shall have been issued and any regulations so made shall be binding and effective. In lieu of or in addition to providing for such deposit, the Corporate Trustee may, in its discretion, permit such institutions to issue certificates which shall entitle the holders thereof to vote at any

meeting only if the bonds with respect to which they are issued are not produced at the meeting by any other person and are not at the time of the meeting registered in the name of any other person. If any such meeting shall have been called by bondholders or by the Company as aforesaid upon failure of the Corporate Trustee to call the same after having been so requested to do under the provisions of Section 108 hereof, regulations to like effect for such deposit of bonds with and issue of certificates by any bank or trust company organized under the laws of the United States of America or of any state thereof, having a capital of not less than Five Hundred Thousand Dollars (\$500,000) shall be similarly binding and effective for all purposes hereof if adopted or approved by the bondholders calling such meeting or by the Board of Directors of the Company, if such meeting shall have been called by the Company, provided that in either such case copies of such regulations shall be filed with the Corporate Trustee.

Section 110. Subject to the restrictions specified in Sections 109 and 113 hereof, any registered holder of bonds Outstanding hereunder and any holder of a certificate provided for in Section 109 hereof, shall be entitled in person or by proxy to attend and vote at such meeting as holder of the bonds registered or certified in the name of such holder without producing such bonds. All others seeking to attend or vote at such meeting in person or by proxy must, if required by any authorized representative of the Corporate Trustee or the Company or by any other bondholder, produce the bonds claimed to be owned or represented at such meeting, and every one seeking to attend or vote shall, if required as aforesaid, produce such further proof of bond ownership or personal identity as shall be satisfactory to the authorized representative of the Corporate Trustee, or if none be present then to the Inspectors of Votes hereinafter provided for. Proxies shall be acknowledged as required for an instrument to be recorded in the State of New York or their genuineness shall be otherwise established to the satisfaction of the Inspectors of Votes, and all proxies and certificates

presented at any meeting shall be delivered to said Inspectors of Votes and filed with the Corporate Trustee.

SECTION 111. Persons named by the Corporate Trustee if it is represented at the meeting shall act as temporary Chairman and Secretary, respectively, of the meeting, but if the Corporate Trustee shall not be represented or shall fail to nominate such persons or if any person so nominated shall not be present, the bondholders and proxies present shall by a majority vote, irrespective of the amount of their holdings, elect another person or other persons from those present to act as temporary Chairman and/or Secretary. A permanent Chairman and a permanent Secretary of such meeting shall be elected from those present by the bondholders and proxies present by a majority vote irrespective of the amount of their holdings. The Corporate Trustee, if represented at the meeting, shall appoint two Inspectors of Votes who shall decide as to the right of anyone to vote and shall count all votes cast at such meeting, except votes on the election of a Chairman and Secretary, both temporary and permanent, as aforesaid, and who shall make and file with the permanent Secretary of the meeting their verified written report in duplicate of all such votes so cast at said meeting. If the Corporate Trustee shall not be represented at the meeting or shall fail to nominate such Inspectors of Votes or if either Inspector of Votes fails to attend the meeting, the vacancy shall be filled by appointment by the permanent Chairman of the meeting.

SECTION 112. Subject to the provisions of Section 116 hereof, the holders of not less than seventy-five per centum (75%) in principal amount of the bonds Outstanding hereunder when such meeting is held must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn; provided, however, that if such meeting is adjourned by less than a quorum for more than fourteen (14) days, notice thereof shall forthwith be mailed by the Corporate Trustee if such meeting shall have been called by the Corporate Trustee

(a) to the Company addressed to it at Spokane, Washington (or at such other address as may be designated by the Company in writing from time to time), (b) to each registered holder of bonds then Outstanding hereunder addressed to him at his address appearing on the registry books, and (c) to each holder of any bond then Outstanding hereunder payable to bearer whose name and address appear upon the last list of bondholders furnished to the Corporate Trustee by the Company pursuant to the provisions of Section 43 hereof, addressed to him at such address, and shall be published at least once in each fourteen (14) day period of such adjournment in a Daily Newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York. The failure to mail such notice to any such bondholder as aforesaid shall in no case affect the validity of any action taken at any meeting held pursuant to such adjournment. If such meeting shall have been called by bondholders or by the Company after the failure of the Corporate Trustee to call the same after being requested so to do in accordance with the provisions of Section 108 hereof, notice of such adjournment shall be given by the permanent Chairman and permanent Secretary of the meeting in the newspaper and for the number of times above specified in this Section and shall be sufficient if so given.

Section 113. Subject to the provisions of Section 116 hereof, any modification or alteration of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or the rights of the holders of bonds and/or coupons issued hereunder in any particular may be made at a meeting of bondholders duly convened and held in accordance with the provisions of this Article, but only by resolution duly adopted by the affirmative vote of the holders of seventy-five per centum (75%) or more in principal amount of the bonds Outstanding hereunder, and, if the rights of one or more, but less than all, series of bonds then Outstanding are to be affected by action taken at such meeting, then also by affirmative vote

of the holders of at least seventy-five per centum (75%) in principal amount of each series of bonds so to be affected and Outstanding hereunder, when such meeting is held, and in every case approved by Resolution of the Board of Directors of the Company as hereinafter specified; provided, however, that no such modification or alteration shall, without the consent of the holder of any bond issued hereunder affected thereby, permit (1) the extension of the maturity of the principal or, or interest on, such bonds, or (2) the reduction in such principal or the rate of interest thereon or any other modification in the terms of payment of such principal or interest, or (3) the creation of any lien ranking prior to, or on a parity with, the Lien of this Indenture with respect to any of the Mortgaged and Pledged Property, or (4) the deprivation of any non-assenting bondholder of a lien upon the Mortgaged and Pledged Property for the security of his bonds (subject only to the lien of taxes for the then current year, the lien of taxes, assessments or governmental charges not then delinquent and to any mortgage or other liens existing upon said property which are prior hereto at the date of the calling of any such bondholders' meeting), or (5) the modification of the obligations of the Company under the provisions of Section 64 hereof, or (6) the reduction of the percentage required by the provisions of this Section for the taking of any action under this Section with respect to any bond Outstanding hereunder. For all purposes of this Article, the Trustees shall be entitled to rely upon an Opinion of Counsel with respect to the extent, if any, as to which any action taken at such meeting affects the rights under this Indenture or under any indenture supplemental hereto of any holders of bonds then Outstanding hereunder.

Bonds owned and/or held by and/or for account of and/or for the benefit or interest of the Company, or any corporation of which the Company shall own twenty-five per centum (25%) or more of the outstanding voting stock, shall not be deemed Outstanding for the purpose of any vote or of any calculation of bonds Outstanding in Article XVI hereof or in this Article XVIII or for the purpose of the quorum

provided for in Section 112 of this Article. For all purposes of this Indenture, the Corporate Trustee, the Chairman and Secretary of any meeting held pursuant to the provisions of this Article XVIII and the Inspectors of Votes at any such meeting shall (unless the fact is challenged at such meeting by any holder of bonds Outstanding hereunder and a contrary fact is established) be entitled conclusively to rely upon a notification in writing by the Company, specifying the principal amount of bonds Outstanding hereunder owned by or held by or for the account of or for the benefit or interest of the Company or any corporation of which the Company shall own twenty-five per centum (25%) or more of the outstanding voting stock, or stating that no such bonds are so owned or held. In case the meeting shall have been called otherwise than on the written request of the Company, the Corporate Trustee shall be entitled conclusively to assume that none of the bonds Outstanding hereunder is so owned or held unless a notification by the Company is furnished as in this paragraph provided or unless the fact is challenged at such meeting by any holder of bonds Outstanding hereunder and a contrary fact is established.

SECTION 114. A record in duplicate of the proceedings of each meeting of bondholders shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes, and affidavits by one or more persons having knowledge of the facts showing a copy of the notice of the meeting and a copy of the notice of adjournment thereof, if required under the provisions of Section 112 hereof, and showing that said notices were mailed and published as provided in Section 108 hereof and, in a proper case, as provided in Section 112 hereof. Such record shall be signed and verified by the affidavits of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the Company and the other to the Corporate Trustee for preservation by the Corporate Trustee. Any record so signed and verified shall be proof of the matters therein stated, and if such record

shall also be signed and verified by the affidavit of a duly authorized representative of the Corporate Trustee, such meeting shall be deemed conclusively to have been duly convened and held and such record shall be conclusive, and any resolution or proceeding stated in such record to have been adopted or taken, shall be deemed conclusively to have been duly adopted or taken by such meeting. A true copy of any resolution adopted by such meeting shall be mailed by the Corporate Trustee to each registered holder of bonds Outstanding hereunder addressed to him at his address appearing on the registry books and to each holder of any such bond then Outstanding hereunder payable to bearer whose name and address appear upon the last list of bondholders furnished to the Corporate Trustee by the Company pursuant to the provisions of Section 43 hereof, addressed to him at such address, and proof of such mailing by the affidavit of some person having knowledge of the fact shall be filed with the Corporate Trustee, but failure to mail copies of such resolution as aforesaid shall not affect the validity thereof. No such resolution shall be binding until and unless such resolution is approved by Resolution of the Board of Directors of the Company, of which such Resolution of approval, if any, it shall be the duty of the Company to file a copy certified by the Secretary or an Assistant Secretary of the Company with the Corporate Trustee, but if such Resolution of the Board of Directors of the Company is adopted and a certified copy thereof is filed with the Corporate Trustee, the resolution so adopted shall be deemed conclusively to be binding upon the Company, the Trustees and the holders of all bonds and coupons issued hereunder, at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution, or annulling the action taken thereby in a legal action or equitable proceeding for such purposes commenced within such sixty (60) day period; provided, however, that no such resolution of the bondholders, or of the Company, shall in any manner be so construed as to change or modify any of the rights, immunities, or obligations of the Trustees or of either of them without their, its or his written assent thereto.

SECTION 115. Bonds authenticated and delivered after the date of any bondholders' meeting may bear a notation in form approved by the Corporate Trustee as to the action taken at meetings of bondholders theretofore held, and upon demand of the holder of any bond Outstanding at the date of any such meeting and presentation of his bond for the purpose at the principal office of the Corporate Trustee, the Company shall cause suitable notation to be made on such bond by endorsement or otherwise as to any action taken at any meeting of bondholders theretofore held. If the Company or the Corporate Trustee shall so determine, new bonds so modified as in the opinion of the Corporate Trustee and the Board of Directors of the Company to conform to such bondholders' resolution shall be prepared, authenticated and delivered, and upon demand of the holder of any bond then Outstanding and affected thereby shall be exchanged without cost to such bondholder for bonds then Outstanding hereunder upon surrender of such bonds with all unmatured coupons, if any, appertaining thereto. The Company or the Corporate Trustee may require bonds Outstanding to be presented for notation or exchange as aforesaid if either shall see fit to do so. Instruments supplemental to this Indenture embodying any modification or alteration of this Indenture or of any indenture supplemental hereto made at any bondholders' meeting and approved by Resolution of the Board of Directors of the Company, as aforesaid, may be executed by the Trustees and the Company and upon demand of the Corporate Trustee, or if so specified in any resolution adopted by any such bondholders' meeting, shall be executed by the Company and the Trustees.

SECTION 116. Notwithstanding anything in this Article contained, the Company may at any time, and from time to time, by Resolution of the Board of Directors filed with the Corporate Trustee, stipulate that from and after the date of the filing of such Resolution with the Corporate Trustee no action thereafter taken under the provisions of this Article shall be of any force and effect whatever either as

respects (1) all bonds theretofore authenticated and delivered by the Corporate Trustee hereunder and then Outstanding and/or (2) as to any bonds and/or all bonds thereafter authenticated and delivered by the Corporate Trustee hereunder, and in any such event a supplemental indenture setting out in detail the stipulations contained in such resolution shall be made.

ARTICLE XIX.

Miscellaneous.

SECTION 117. Nothing in this 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 hereunder, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Indenture contained by and 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 hereunder.

SECTION 118. Any money which has been deposited with the Corporate Trustee (other than money which has been deposited with the Corporate Trustee for the purpose of effecting payment or redemption of any bonds issued hereunder or which the Corporate Trustee has been directed to hold and apply for the purpose of such payment or redemption) shall, at the request of the Company evidenced by a Resolution, be invested or reinvested by the Corporate Trustee in any bonds or other obligations of the United States of America designated by the Company or in any obligations which at the time of investment are lawful investments for savings banks under the laws of the State of New York, designated by the Company and not disapproved by the

Corporate Trustee, and, unless to the knowledge of the Corporate Trustee the Company is in default in the payment of interest on any of the bonds then Outstanding hereunder or one or more of the Completed Defaults specified in Section 65 hereof shall have occurred and be continuing, any interest on such bonds, obligations and securities which may be received by the Corporate Trustee shall be forthwith paid to the Company. Such bonds, obligations and securities shall be held by the Corporate Trustee as a part of the Mortgaged and Pledged Property and subject to the same provisions hereof as the cash used to purchase the same, but upon a like request of the Company, the Corporate Trustee shall sell all or any designated part of the same and the proceeds of such sale shall be held by the Corporate Trustee subject to the same provisions hereof as the cash used by it to purchase the bonds, obligations and securities so sold. If such sale shall produce a net sum less than the cost of the bonds or other obligations so sold, the Company covenants that it will pay promptly to the Corporate Trustee such amount of cash as with the net proceeds from such sale will equal the cost of the bonds or other obligations so sold, and if such sale shall produce a net sum greater than the cost of the bonds or obligations so sold, the Corporate Trustee shall promptly pay to the Company an amount in cash equal to such excess.

SECTION 119. In the event that any bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof, or in the event that any coupon shall not be presented for payment at the due date thereof and the Company shall have deposited with the Corporate Trustee for the purpose or left with it if previously so deposited, moneys sufficient to pay the principal of such bonds (and premium, if any), together with all interest due thereon to the date of the maturity of such bond or to the date fixed for the redemption thereof, or to pay such coupon, as the case may be, for the use and benefit of the holder thereof, the Corporate Trustee shall, upon demand

of the Company, in case the holder of any such bond or coupon shall not, within six (6) years after the maturity of any such bond or coupon or the date fixed for the redemption of any such bond, claim the amount deposited as above stated, for the payment thereof, pay over to the Company, such amount so deposited, if the Company is not at the time in default hereunder; provided, however, that the Corporate Trustee before being required to make any such payment to the Company may, at the expense of the Company, cause to be published once in one Daily Newspaper, printed in the English language and published and of general circulation in the Borough of Manhattan, The City of New York, a notice stating that such moneys remain unclaimed as aforesaid and that after a date stated therein such moneys will be returned to the Company; but the Corporate Trustee shall be under no duty to cause such notice to be published; and the Corporate Trustee shall thereupon be relieved from all responsibility to the holder thereof, and in the event of such payment to the Company the holder of any such bond or coupon shall be deemed to be an unsecured creditor of the Company for an amount equivalent to the amount deposited as above stated for the payment thereof and so paid over to the Company.

SECTION 120. Any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of this Indenture, whether such power, privilege or right is in any way restricted or is unrestricted, may 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 hereunder and provide that a breach thereof shall be equivalent to a default under this Indenture, or the Company may cure any ambiguity contained herein, or in any supplemental indenture, 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 hereof shall be situated. The Trustees are hereby authorized to join with the Company in the execution of any such instrument or instruments. Such instrument, executed and acknowledged as aforesaid, shall be delivered to the Trustees and thereupon any modification of the provisions of these presents therein set forth, authorized by this Section, shall be binding upon the parties hereto, their successors and assigns, and the holders of the bonds and coupons hereby secured. Anything herein to the contrary notwithstanding, this Section shall not be construed to permit any act, waiver, surrender or restriction adversely affecting any bonds then Outstanding hereunder.

SECTION 121. Notwithstanding anything in this Indenture contained, the Company may, at any time and from time to time, amend this Indenture so as to decrease (but not below the amount of bonds at the time Outstanding hereunder) the maximum amount of obligations to be secured hereby by executing and delivering to the Trustees, and thereafter appropriately recording or causing to be recorded in all places where this Indenture is recorded, a supplemental indenture specifying the maximum amount of such obligations thereafter to be secured hereby; provided, however, that this Indenture may be so amended only if such amendment will be legally effective under the laws of the several states in which this Indenture is then recorded and will not adversely affect the lien and validity of this Indenture or the validity of any bonds Outstanding hereunder and the Corporate Trustee shall have received an Opinion of Counsel to that effect, upon which Opinion of Counsel the Corporate Trustee may conclusively rely and be fully protected in respect of any action taken by it with regard to such amendment. Unless and until this Indenture shall have been so amended, the maximum amount of obligations to be secured hereby shall be and remain One Hundred and Fifty Million Dollars (\$150,000,000), as stated in Section 20 hereof.

SECTION 122. Subject to the provisions of Article XV and Article XVI hereof, whenever in this Indenture either of the parties hereto is named or referred to (except in subdivision 1 of Section 5 hereof) this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustees shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

SECTION 123. The titles of the several Articles of this Indenture shall not be deemed to be any part thereof.

SECTION 124. This Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, on this 27th day of June, 1939, THE WASHINGTON WATER POWER COMPANY, party hereto of the first part, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice-Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and CITY BANK FARMERS TRUST COMPANY, one of the parties hereto of the second part, in token of its acceptance of the trust hereby created, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice-Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries, and Ralph E. Morton, one of the parties hereto of the second part, has for all like purposes hereunto set his hand and affixed his seal, all in

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The City of New York, New York, as of the day and year first above written.

THE WASHINGTON WATER POWER COMPANY,

By W. H. K. [Signature]
President.

Attest:
[Signature]
Assistant Secretary.

Executed, sealed and delivered by THE
WASHINGTON WATER POWER COMPANY,
in the presence of:

W. H. K. [Signature]
M. A. [Signature]



CITY BANK FARMERS TRUST COMPANY,

By Stewart C. Hart
Vice-President.

Attest:
[Signature]
Assistant Secretary.

Executed, sealed and delivered by CITY
BANK FARMERS TRUST COMPANY, in the
presence of:

Stewart C. Hart
W. H. K. [Signature]

Ralph E. [Signature] [L. S.]

6/27/34

Executed, sealed and delivered by RALPH
E. MONROE, in the presence of:

Stewart C. Hart
W. H. K. [Signature]

6/27/34

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STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On the 27th day of June, 1939, before me personally appeared K. M. Robinson, to me known to be the President of The Washington Water Power Company, one of the corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

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

Phyllis Kozman
Notary Public.

Residing at *New York, N.Y.*

PHYLLIS KOZMAN
NOTARY PUBLIC

N. Y. Co. Reg. No. 12345
Exp. Date 12/31/40

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On the 27th day of June, in the year 1939, before me, *Phyllis Kozman*, a Notary Public in and for the State and County aforesaid, personally appeared K. M. Robinson, known to me to be the President of The Washington Water Power Company, one of the corporations that executed the within and foregoing instrument and acknowledged to me that such Corporation executed the same.

Phyllis Kozman
Notary Public.

PHYLLIS KOZMAN
NOTARY PUBLIC
N. Y. Co. Reg. No. 12345
Exp. Date 12/31/40

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STATE OF NEW YORK, } ss.:
 COUNTY OF NEW YORK, }

On the 27th day of June, in the year 1939, before me personally appeared STEWART C. PRATT, to me known to be a Vice-President of City Bank Farmers Trust Company, one of the corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

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

Flannery, C. Lee
 Notary Public.

Residing at.....

STATE OF NEW YORK, } ss.:
 COUNTY OF NEW YORK, }

On the 27th day of June, in the year 1939, before me, Flannery, C. Lee, a Notary Public in and for the State and County aforesaid, personally appeared STEWART C. PRATT known to me to be a Vice-President of City Bank Farmers Trust Company, one of the corporations that executed the within and foregoing instrument and acknowledged to me that such Corporation executed the same.

Flannery, C. Lee
 Notary Public.

Notary Public, State of New York, City of New York
 and County of New York, Office of the Notary Public
 Commission Expires March 12, 1941

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STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this 27th day of June, in the year of 1939, before me *Stanley A. ...*, personally appeared Ralph E. Morton, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

Given under my hand and official seal the day and year first above written.

Stanley A. ...
Notary Public.

Residing at *...*

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this day personally appeared before me Ralph E. Morton, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 27th day of June, 1939.

Stanley A. ...
Notary Public.

Residing at *...*

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State of New York, }
County of New York, } BR:

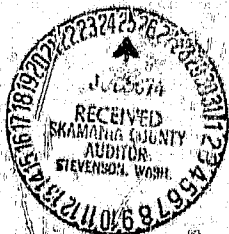
K. M. Robinson, being duly sworn, deposes and says that he is the President of The Washington Water Power Company, the Mortgagor named in the foregoing instrument, and makes this affidavit for and on its behalf; that said instrument is made in good faith and without any design to hinder, delay or defraud creditors.

Subscribed and sworn to before me this 6th day of June, 1922.

Notary Public

Residing at _____

REGISTERED	/
INDEXED: DIR	/
INDIRECT:	/
RECORDED:	/
COMPARED	/
MAILED	/



IN WITNESS WHEREOF, THAT THE SIGNED
INSTRUMENT OF MORTGAGE FILED OF
OF _____
AT 2 O'CLOCK P.M. _____ 1922
WAS RECORDED IN BOOK _____
OF _____
RECORDS OF SKAMANIA COUNTY, WASH.
COUNTY AUDITOR
W. _____

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STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this 27th day of June, in the year of 1939, before me *Stanley A. ...*
personally appeared Ralph E. Morton, known to me to be the person
whose name is subscribed to the within instrument, and acknowledged
to me that he executed the same.

Given under my hand and official seal the day and year first above
written.

Stanley A. ...
Notary Public.

Residing at *...*

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this day personally appeared before me Ralph E. Morton, to
me known to be the individual described in and who executed the within
and foregoing instrument, and acknowledged that he signed the same
as his free and voluntary act and deed, for the uses and purposes
therein mentioned.

Given under my hand and official seal this 27th day of June, 1939.

Stanley A. ...
Notary Public.

Residing at *...*

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STATE OF NEW YORK,
County of New York, } ss.

K. M. Robinson, being duly sworn, deposes and says that he is the President of The Washington Water Power Company, the Mortgagor named in the foregoing instrument, and makes this affidavit for and on its behalf; that said instrument is made in good faith and without any design to hinder, delay or defraud creditors.

Subscribed and sworn to before me this 2 / 11 day of June, 1934

Frederick J. ...
Notary Public

Residing at *... New York City*

FILED IN BOOK 67
COUNTY OF NEW YORK 1934

REGISTERED	/
INDEXED: DIR.	/
INDEXED: I	/
RECORDED	/
COMPARED	/
MAILED	/

FURTHER CERTIFY THAT THE WITHIN
INSTRUMENT CONTAINED PAID BY
Washington Water Power Co.
OF *New York City*
AT *New York City*
WAS RECORDED IN BOOK 67
OF *New York* COUNTY, N.Y.
BOOKS OF SHERMAN COUNTY, N.Y.
Frederick J. ...
COUNTY CLERK
BY *...*



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STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss:

On this 27th day of June, in the year of 1939, before me, *John A. [illegible]*, personally appeared Ralph E. Morton, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

Given under my hand and official seal the day and year first above written.

Notary Public

Residing at *[illegible]*

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss:

On this day personally appeared before me Ralph E. Morton, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 27th day of June, 1939.

Notary Public

Residing at *[illegible]*

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STATE OF NEW YORK,
County of New York, ss.

K. M. Robinson, being duly sworn, deposes and says that he is the President of The Washington Water Power Company, the instrument named in the foregoing instrument, and makes this affidavit for and on its behalf; that said instrument is made in good faith and without any design to hinder, delay or defraud creditors.

Subscribed and sworn to before me this 27 day of June, 1907.

[Signature]
Notary Public.

Residing at *New York City*

REGISTERED	/
INDEXED OR	/
INDEXED	/
RECORDED	/
COMPILED	/
MAILED	/



I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT OR INSTRUMENTS FILED BY *[Signature]* *[Signature]* *[Signature]* WAS RECORDED IN BOOK *27* AT SWANSEA RECORDS OF DEEDS IN COUNTY, MASS. *[Signature]* COUNTY CLERK