

ARTICLE UPON THE BASIS OF THE ACQUISITION OR CONSTRUCTION OF:

(1) ANY PROPERTY, IMPROVEMENTS, ADDITIONS OR BETTERMENTS ACQUIRED OR MADE BY THE COMPANY PRIOR TO APRIL 1, 1926, OR ANY PROPERTY ACQUIRED BY THE COMPANY FROM ILWACO LIGHT & POWER COMPANY OR FROM WILLAPA POWER COMPANY, BOTH WASHINGTON CORPORATIONS, OTHER THAN PROPERTY, IMPROVEMENTS, ADDITIONS OR BETTERMENTS ACQUIRED OR MADE BY EITHER OF SAID CORPORATIONS AFTER MARCH 31, 1926.

(2) ANY PROPERTY, IMPROVEMENTS, ADDITIONS OR BETTERMENTS WHOSE COST IS PROPERLY CHARGEABLE TO OPERATING EXPENSES OR REPAIRS OR MAINTENANCE OR RENEWALS, OR WHOSE COST IS NOT PROPERLY CHARGEABLE TO PLANT OR PLANT ADDITION ACCOUNT; PROVIDED, HOWEVER, THAT WHENEVER OLD, INADEQUATE OR WORN OUT PROPERTY IS REPLACED BY PROPERTY COSTING MORE THAN THE ORIGINAL COST TO THE COMPANY OF SUCH OLD, INADEQUATE OR WORN OUT PROPERTY, THEN, TO THE EXTENT OF SUCH EXCESS AND TO SUCH EXTENT ONLY, SUCH PROPERTY SO ACQUIRED TO REPLACE THE OLD, INADEQUATE OR WORN OUT PROPERTY SHALL BE DEEMED ADDITIONAL PROPERTY FOR THE PURPOSES OF THIS ARTICLE; OR

(3) ANY STOCKS, BONDS OR OTHER SECURITIES, FRANCHISES, CONTRACTS, CHOSES IN ACTION; OR

(4) ANY PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT WHICH, AT THE DATE OF THE CERTIFICATE REFERRED TO IN PARAGRAPH B OF SECTION 17 HEREOF, IS NOT SUBJECT TO THE DIRECT LIEN OF THIS INDENTURE; OR

(5) ANY PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT WHICH IS SUBJECT AT THE DATE OF SAID CERTIFICATE TO ANY MORTGAGE, LIEN, CHARGE OR ENCUMBRANCE PRIOR TO THE LIEN OF THIS INDENTURE, EXCEPT TAXES FOR THE THEN CURRENT YEAR, UNDETERMINED LIENS OR CHARGES INCIDENTAL TO CONSTRUCTION AND EASEMENTS AND OTHER SIMILAR ENCUMBRANCES WHICH, IN THE OPINION OF COUNSEL REFERRED TO IN PARAGRAPH E OF SECTION 17, DO NOT IMPAIR THE USE OF SUCH PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT BY THE COMPANY, AND EXCEPT ALSO PRIOR LIENS SECURING BONDS WHICH, PREVIOUS TO OR CONCURRENTLY WITH THE AUTHENTICATION AND DELIVERY OF THE BONDS THEN APPLIED FOR, HAVE BEEN OR SHALL BE ESTABLISHED AS "REFUNDABLE BONDS" IN THE MANNER AND WITHIN THE LIMITATIONS PROVIDED IN SECTION 19 HEREOF; OR

(6) ANY PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT WHICH IN ANY PREVIOUS APPLICATION OR CERTIFICATE HAS BEEN MADE THE BASIS FOR THE AUTHENTICATION AND DELIVERY OF BONDS OR THE WITHDRAWAL OF ANY CASH OR THE RELEASE OF ANY PROPERTY FROM THE LIEN OF THIS INDENTURE OR FROM A PRIOR LIEN; OR

(7) ANY PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT WHICH HAS BEEN ACQUIRED OR CONSTRUCTED WITH THE PROCEEDS OF ANY INSURANCE ON ANY PART OF THE MORTGAGED PROPERTY, OR WITH THE PROCEEDS OF ANY PART OF THE MORTGAGED PROPERTY RELEASED FROM THE LIEN OF THIS INDENTURE OR TAKEN BY THE EXERCISE OF THE POWER OF EMINENT DOMAIN; OR

(8) ANY PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT, EXPENDITURES FOR WHOSE ACQUISITION HAVE THERETOFORE BEEN USED BY THE COMPANY TO MEET THE REQUIREMENTS OF SECTION 44 HEREOF; OR

(9) ANY PROPERTY, IMPROVEMENT, ADDITION OR BETTERMENT, WHOSE ACQUISITION HAS THERETOFORE BEEN USED FOR THE PURPOSE OF ANY SINKING, AMORTIZATION, IMPROVEMENT OR OTHER ANALOGOUS FUND, IF ANY, WHICH MAY HEREAFTER BE CREATED AS HEREINABOVE IN SECTION 6 PROVIDED, BUT ONLY IF, AND TO THE EXTENT THAT, THE SUPPLEMENTAL INDENTURE OR RESOLUTION OR OTHER INSTRUMENT CREATING SUCH FUND MAY PRECLUDE THE ACQUISITION OF SUCH PROPERTY AS A BASIS FOR THE AUTHENTICATION AND DELIVERY OF BONDS UNDER THIS ARTICLE; OR