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MORTGAGE RECORD U
SKAMANIA COUNTY, WASHINGTON

SECTION 18. The terms hereinbelow in this Section 18 mentioned shall, for the purposes of this Indenture, be taken to have the meanings hereinafter set forth.

A. "Additional property" shall be taken to mean and comprise any property of a permanent nature and permanent physical betterments, improvements and additions of, upon and to the property of the Company, purchased, constructed or otherwise acquired by the Company subsequent to December 31, 1935, and used or useful for public utility purposes and which the Company, under its charter and the laws of the state or states wherein such property shall be situated, shall be lawfully authorized to own and use in the business in connection with which such property is used or shall be used by it, including (without in any way limiting the generality of the foregoing) real estate, buildings, plants, systems, stations, lines, cables, machinery, transmission lines, distribution systems, easements, rights-of-way, wires, poles, crossarms, mains, pipes and equipment, fixtures, fittings, appliances and apparatus of all kinds and description.

The term "additional property", however, shall not be deemed to include, and no Bonds shall be authenticated and delivered under the provisions of this Article Four upon the basis of the acquisition or construction of:

(1) any property, improvement, addition or betterment acquired or constructed by the Company prior to January 1, 1936; or

(2) any property, improvement, addition or betterment whose cost is properly chargeable to operating expenses or repairs or maintenance or renewals, or whose cost is not properly chargeable to plant or capital account (or an account analogous to plant or capital account); provided, however, that whenever old, inadequate or worn out property is replaced by property costing and having a fair value to the Company of more than the original cost to the Company of such old, inadequate or worn-out property, then, to the extent of such excess of cost or fair value, whichever shall be less, 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 Four; or

(3) any stocks, bonds, bills, notes or accounts receivable, evidences of indebtedness or other securities, contracts, leases or choses in action; or

(4) any motor cars, motor trucks or other vehicles; or any materials, goods, supplies, appliances, merchandise and equipment purchased or acquired for the purpose of sale in the ordinary course of business or for the purpose of consumption in the operation of any of the properties of the Company and not chargeable to plant or capital account (or an account analogous to plant or capital account) by standard accounting practices; or

(5) any property, improvement, addition or betterment which, at the date of the authentication of the Bonds applied for, is not subject to the direct lien of this Indenture; or

(6) any property, improvement, addition or betterment which is subject, at the date of the authentication of the Bonds applied for, to any mortgage, lien, charge or encumbrance prior to the lien of this Indenture, except taxes or assessments not delinquent, 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 have been or shall be deposited with the corporate Trustee hereunder ~~or with the trustee~~ ~~the hereunder~~ or with the trustee or mortgagee of some other prior lien upon such property or of a refundable lien; or