

MORTGAGE RECORD U

SKAMANIA COUNTY, WASHINGTON

property rights at any time covered hereby, and all covenants, terms and conditions upon or under which any property rights or franchises covered hereby are held. The company will at all times maintain, preserve and keep the mortgaged property and every part thereof with the appurtenances and every part and parcel thereof, in thorough repair, working order and condition, and from time to time make all needful and proper repairs and renewals, so that at all times the value of the security for the bonds issued hereunder/and the efficiency of the plants and properties of the Company shall be fully preserved and maintained in condition to render reasonably adequate service for the purposes intended, corresponding to the general practice and progress of the industry.

Section 10. So long as any of the bonds of the 4 $\frac{1}{2}$ % Series, due 1958, shall remain outstanding, the Company will, in each fiscal year, credit to depreciation reserve an amount determined by the application to its depreciable property of such depreciation rates as may be fixed from time to time by the Public Utilities Commissions of the states of Oregon and Washington, or any other public regulatory body having jurisdiction in the premises. Unless and until such rate or rates of depreciation shall have been fixed by the said Public Utilities Commissions, or other public regulatory body having jurisdiction in the premises, the amount so charged for depreciation shall be at a composite rate of not less than 3.7 per cent of the book value of all of the depreciable physical property of the Company; such rate shall be subject to change at five-year intervals upon the filing with the Corporate Trustee of a certificate of a competent engineer, selected by the Company and approved by the Corporate Trustee, that a change in depreciation rate is desirable and is justified by the experience of the Company and by the extent or character of its then physical properties, and that the rate recommended will in the opinion of such engineer be adequate during the ensuing period of five years.

The Company covenants that all property, plants and equipment used and useful in carrying on its business will be kept in good repair and condition and will be maintained in a state to render reasonable adequate service for the purposes intended and of operating efficiency corresponding to the general practice and progress of the industry. At the end of each five-year period, the Company shall select an independent engineer, satisfactory to the Corporate Trustee, who shall make an examination of the property to determine if the physical property has been maintained in accordance with the foregoing covenant of Company. The independent engineer shall make a certificate to the Trustee setting forth his findings. In the event, in his opinion, deferred maintenance exists, he shall make and set forth in his certificate an estimate of the extent of such deferred maintenance and the approximate expenditures required to restore the property to reasonable condition. Within six months after the filing of such certificate, the Company shall make up any deficiency set forth in the certificate.

Section 11. Within four months after the close of each fiscal year following the first day of January, 1939, the Company will deliver to the Corporate Trustee a certificate in its name, signed by its President or Vice-President, verified by the affidavit of its Treasurer or Assistant Treasurer setting forth:

(a) The amount credited to the depreciation reserve account for such fiscal year;

(b) The amount expended from or properly chargeable to the depreciation reserve account for property replacements, additions, improvements and/or extensions to the physical properties of the Company during such fiscal year;

(c) The amount expended from or properly chargeable to the depreciation reserve account for the retirement and cancellation of bonds during such fiscal year; and