

MORTGAGE RECORD—X

SKAMANIA COUNTY, WASHINGTON

PIONEER, INC., TACOMA—177183

securities or the incurring or assumption of indebtedness, no determination of Cost shall be required, and wherever in this Indenture provision is made for Cost or fair value, the Cost, in such case, shall mean an amount equal to the fair value thereof.

If any Property Additions are shown by the Engineer's Certificate provided for in subdivision (3) of Section 28 hereof to include property which has been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company, the Cost thereof may include the amount of cash or the value of any portion of the securities paid or delivered for any rights and intangible property simultaneously acquired 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.

For the purposes of the deductions required by this Section, the Cost and/or the fair value to the Company of Funded Property retired shall be determined as follows: (aa) in the case of property which was owned by Pacific Power & Light Company on April 30, 1947, 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 in the case of property which was owned by Northwestern Electric Company on April 30, 1947, and acquired by the Company prior to the date hereof, the Cost thereof shall be the Cost as shown on the books of Northwestern Electric Company or, if not separately shown, the Cost as estimated by the Company; and (bb) in the case of Property Additions retired, the Cost or the fair value thereof to the Company shall be the Cost or the fair value thereof 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 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 or the fair value thereof to the Company 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, except property expressly excepted from the Lien of this Indenture, owned by Pacific Power & Light Company on April 30, 1947; and all property, except property expressly excepted from the Lien of this Indenture, owned by Northwestern Electric Company, a corporation of the State of Washington, on April 30, 1947, and acquired by the Company prior to the date hereof;
- (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 (otherwise than under the release or cash withdrawal provisions hereof) for Funded Property retired;
- (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 qualified Lien