

59967

REA Project Designation:

NEVADA 19-B4 WHITE PINE

SUPPLEMENTAL MORTGAGE

made by

MT. WHEELER POWER, INC.

to

UNITED STATES OF AMERICA

No. 7

7-7573

SUPPLEMENTAL MORTGAGE, dated as of *May 17, 1975*, made by
MT. WHEELER POWER, INC. -----
(hereinafter called the "Mortgagor"), a corporation organized and
-----, existing under the laws of the
State of Nevada -----, to UNITED STATES OF AMERICA (hereinafter
sometimes called the "Mortgagee").

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and has delivered to the Mortgagee, or has assumed the payment of, certain mortgage notes all payable to the order of the Mortgagee, in installments, of which the mortgage notes (hereinafter collectively called the "Outstanding Notes") identified in the fourth recital hereof (hereinafter called the "Instruments Recital") are now outstanding and held by the Mortgagee, all of which Outstanding Notes evidence loans made by the Mortgagee either to the Mortgagor or to third parties to finance electric plants, lines and related facilities; and

WHEREAS, the Outstanding Notes are secured by the security instruments (hereinafter collectively called the "Mortgage") made by the Mortgagor to the Mortgagee identified in the Instruments Recital; and

WHEREAS, the Mortgagor has determined to borrow additional funds from the Mortgagee, and has accordingly duly authorized, executed and delivered to the Mortgagee its mortgage note or notes (identified in the Instruments Recital and hereinafter called, as the case may be, the "Current Note" or "Current Notes") to be secured by the Mortgage, as amended and supplemented hereby, of the property hereinafter described; and

WHEREAS, the instruments referred to in the preceding recitals are identified as follows:

INSTRUMENTS RECITAL

"Current Note (s)": (Of even date herewith):

<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>	<u>Final Payment Date</u>
\$2,875,000	five percentum (5%)	Thirty five (35) years from the date thereof

"Outstanding Notes":

five ----- (5 ---) certain mortgage notes in an aggregate principal amount of \$ 15,100,000 -----, all of which will finally mature on or before July 10, 2009.

"Mortgage":

<u>Instrument</u>	<u>Date</u>	<u>Trustee, if any</u>
Mortgage	December 23, 1969	

WHEREAS, the Mortgagee is the owner and holder of the Outstanding Notes and the Mortgage; and

WHEREAS, it was the intention of the Mortgagor at the time of the execution of the earliest instrument included among the instruments constituting the Mortgage (hereinafter called the "Original Mortgage"), that the property of the Mortgagor of the classes described therein, as being mortgaged or pledged thereby, or intended so to be, whether then owned or thereafter acquired, would secure certain notes of the Mortgagor executed and delivered prior to the execution and delivery of the Original Mortgage, and certain notes of the Mortgagor when and as executed and delivered under and pursuant to the Original Mortgage, as from time to time amended or supplemented, and it is intended by the Mortgagor to confirm hereby the Mortgage and the property therein described as being mortgaged or pledged, or intended so to be, as security for the Outstanding Notes, and other notes of the Mortgagor when and as executed and delivered under and pursuant to the Mortgage, as amended and supplemented hereby; and

WHEREAS, the Mortgage provides that the Mortgagor shall, upon the request in writing of the holder or holders of not less than a majority in principal amount of the notes secured by the Mortgage at the time outstanding, duly authorize, execute, and deliver and record and file all such supplemental mortgages and conveyances as may reasonably be requested by such holder or holders to effectuate the intention of the Mortgage and to provide for the conveying, mortgaging and pledging of the property of the Mortgagor intended to be conveyed, mortgaged or pledged by the Mortgage to secure the payment of the principal of and interest on notes executed and delivered thereunder and pursuant thereto, or otherwise secured thereby, and the holder of all such notes has in writing requested the execution and delivery of this Supplemental Mortgage pursuant to such provisions; and

WHEREAS, it is further intended by the Mortgagor, at the request and with the consent of the Mortgagee, to amend the Mortgage in the respects hereinafter set forth; and

WHEREAS, all acts, things, and conditions prescribed by law and by the articles of incorporation and bylaws of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make the Mortgage, as amended and supplemented hereby, a valid and binding mortgage to secure the Outstanding Notes and other notes of the Mortgagor when and as executed and delivered, or assumed, under and pursuant to the Mortgage, as amended and supplemented hereby;

NOW, THEREFORE, in consideration of the premises and the sum of \$5 in hand paid by the Mortgagee to the Mortgagor, the receipt whereof by the Mortgagor prior to the execution and delivery of this Supplemental Mortgage is hereby acknowledged, this Supplemental Mortgage witnesseth as follows:

1. The Mortgagor has executed and delivered this Supplemental Mortgage and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over, unto the Mortgagee and its assigns, all and singular the real and personal property described in the Mortgage and all and singular the real and personal property of the Mortgagor falling within the classes of property embraced in the description of the "Mortgaged Property" set forth in the Mortgage, including, without limitation, all and singular the real and personal property of said description heretofore or hereafter acquired by or constructed by or on behalf of the Mortgagor, and wheresoever situate;

1. A certain tract of land described in Deed and Bill of Sale and Assignment dated February 19, 1970, from Ely Light and Power Company, grantor, and Mt. Wheeler Power, Inc., grantee. Paragraph XIII. Following: Parcel A, thru Parcel G, pages 667, Document No. 154467, Deed Book 320, Page 154, recorded in the office of the County Recorder of White Pine County.
2. A certain tract of land described in a certain deed, dated March 23, 1972, by Fay Flangas and Ernest A. Flangas, as grantors, and Mt. Wheeler Power, Inc. Located in a portion of the E 1/2, of SW 1/4 SE 1/4, Section 16, T16N., R63E., M.D.B.&M. Document No. 173218, Book No. 355, Page 342-343, Real Estate Records in the office of the County Recorder of White Pine County.
3. A certain tract of land described in a certain deed, dated June 21, 1972, by Fred J. Baker, President of Baker Ranches, Inc., as grantor, and Mt. Wheeler Power, Inc., as grantee. Located in the Northeast 1/4, Section 24, Township 14 North, Range 69 East, M.D.B.&M. Document No. 17379, Book No. 356, Page 386, Real Estate Records, recorded in the office of the County Recorder of White Pine County.
4. A certain tract of land described in a certain deed, dated January 3, 1972, by Bert Hanks, as grantor and Mt. Wheeler Power, Inc., as grantee. Located SW 1/4 SE 1/4, Section 15, T16N., R63E., M.D.B.&M., Document No. 172630, Book 352, Page 313-314, Real Estate Record, recorded in the office of County Recorder of White Pine County.

TOGETHER with all rents, income revenues, profits and benefits at any time derived, received or had from any and all of the above-described property of the Mortgagor, TO HAVE AND TO HOLD the same forever, for the uses and purposes and upon the terms, conditions, provisos and agreements expressed and declared in the Mortgage, as amended and supplemented hereby.

2. The Outstanding Notes are hereby confirmed as notes of the Mortgagor entitled to the security of the Mortgage, as amended and supplemented by this Supplemental Mortgage, and of the property by the Mortgage and this Supplemental Mortgage mortgaged and pledged, or intended so to be, equally and ratably with one another and with other notes of the Mortgagor when and as executed and delivered under and pursuant to the Mortgage, as amended and supplemented hereby, without preference, priority or distinction of any one of the Outstanding Notes or such other notes over any other thereof and irrespective of the dates of the execution, delivery or maturity thereof, or of the assignment or negotiation thereof.

3. Additional notes executed and delivered pursuant to section 1 of article I of the Mortgage, as amended hereby, are hereby included within the terms "additional notes" and "notes", as defined in the Mortgage, as amended hereby. The Current Note(s), and refunding, renewal and substituted notes executed and delivered pursuant to said section 1 of article I, are hereby included within the term "notes", as defined in the Mortgage, as amended hereby.

4. Section 1 of article I of the Mortgage is hereby amended to read as follows:

SECTION 1. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may from time to time (1) execute and deliver to United States of America one or more additional notes to evidence loans made by United States of America, acting through the Administrator of the Rural Electrification Administration, to the Mortgagor, or to evidence indebtedness of the Mortgagor incurred by the assumption by the Mortgagor of the indebtedness of a third party or parties to United States of America created by a loan or loans theretofore made by United States of America, acting through the Administrator of the Rural Electrification Administration, to such third party or parties. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may also from time to time execute and deliver one or more notes to refund any note or notes at the time outstanding and secured hereby, or in renewal of, or in substitution for, any such outstanding note or notes. Additional notes and refunding, renewal and substituted notes shall contain such provisions and shall be executed and delivered upon such terms and conditions as the board of directors of the Mortgagor in the resolution or resolutions authorizing the execution and delivery thereof shall prescribe; provided, however, that the notes at any one time secured hereby shall not exceed twenty-five million dollars ----- (\$ 25,000,000 -----) in aggregate principal amount, and no note or assumption shall mature more than eighty (80) years after the date hereof. Additional notes and refunding, renewal and substituted notes, when and as executed and delivered, shall be secured by this Mortgage, equally and ratably with all other notes at the time outstanding, without preference, priority, or distinction of any of the notes over any other of the notes by reason of the priority of the time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof.

5. Section 15 of article II of the Mortgage is hereby amended to read as follows:

SECTION 15. The Mortgagor, subject to applicable laws and rules and orders of regulatory bodies, will design its rates for electric energy and other services furnished by it with a view to paying and discharging all taxes, maintenance expenses, cost of electric energy and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to making all payments in respect of principal of and interest on the notes when and as the same shall become due, and to providing and maintaining reasonable working capital for the Mortgagor and a Times Interest Earned Ratio (herein called "TIER") of not less than 1.5 and a Debt

Service Coverage (herein called "DSC") of not less than 1.25. The Mortgagor shall give 90 days prior written notice to the majority noteholders of any proposed change in its general rate structure.

For purposes of this section, TIER shall mean the average of the two largest ratios with respect to each of the three calendar years last preceding the design of rates, determined as follows: for each such year: add Net Patronage Capital or Margins (as computed for purposes, to the extent applicable, of Line A.22 on REA Form 7, rev. 10-69, Line A.23 on REA Form 7, rev. 12-70, or Line A.24 on such REA Form 7, rev. 9-72) of the Mortgagor to Interest Expense (as computed for purposes of Line A.14 of REA Form 7) of the Mortgagor and divide the total so obtained by Interest Expense (as so computed) of the Mortgagor; provided, however, that (1) in computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of rentals of Restricted Property (as defined in section 7 of article II hereof) under Long Term Leases (as defined in section 7 of article II hereof) of the Mortgagor over 2% of the Mortgagor's Equities and Margins (as defined in the Uniform System of Accounts) and (2) Net Patronage Capital or Margins shall be determined as if the rates proposed by the Mortgagor had been in effect for each of the three years.

For purposes of this section, DSC shall mean the average of the two largest ratios with respect to each of the three calendar years last preceding the design of rates, determined as follows: for each such year: add Net Patronage Capital or Margins (as computed for purposes, to the extent applicable, of Line A.22 on REA Form 7, rev. 10-69, Line A.23 on REA Form 7, rev. 12-70, or Line A.24 on such Form 7, rev. 9-72) of the Mortgagor and Interest Expense (as computed for purposes of Line A.14 of REA Form 7) of the Mortgagor to Depreciation and Amortization Expense (as computed for purposes, to the extent applicable, of Line A.12 on REA Form 7, rev. 10-69, or Line A.11 on REA Form 7, rev. 12-70 and 9-72), and divide the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made during each of the test years on account of Total Long-Term Debt (as computed for purposes, to the extent applicable, of Line B.34 on REA Form 7, rev. 10-69, Line C.35 on REA Form 7, rev. 12-70, or Line C.34 on such Form 7, rev. 9-72) of the Mortgagor; provided, however, that (1) in computing Interest Expense there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of rentals of Restricted Property (as defined in section 7 of article II hereof) under Long Term Leases (as defined in section 7 of article II hereof) over 2% of the Mortgagor's Equities and Margins (as defined in the Uniform System of Accounts); (2) Net Patronage Capital or Margins shall be determined as if the rates proposed by the Mortgagor had been in effect for each of the three calendar years immediately preceding the design of rates; and (3) in the event that any Long-Term Debt has been refinanced during any year of such three calendar year period the payments of principal and interest required to be made during such year on account of such Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced Debt) upon the larger of (i) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (ii) the payments of principal and interest required to be made during the following year on account of such refinancing debt.

6. Article II of the Mortgage is hereby amended by adding at the end thereof the following new section:

SECTION 20 . At all times when any note is held by United States of America, or in the event United States of America shall assign a note without having insured the payment of such note, this Mortgage shall secure payment of such note for the benefit of United States of America or such uninsured holder thereof, as the case may be. Whenever any note may be sold to an insured purchaser, it shall continue to be considered a "note" as defined herein, but as to any such insured note United States of America, and not such insured purchaser, shall be considered to be, and shall have the rights of, the noteholder for purposes of this Mortgage. Notice of the rights of United States of America under the preceding sentence shall be set forth in all such insured notes.

7. Section 6 of article II of the Mortgage is hereby amended by inserting the letter "(a)" following "Section 6." and by adding to said section the following subsection (b):

(b) The Mortgagor will cause the sum (the "Sum") of the amount used during each period of three consecutive calendar years during the term of this Mortgage for maintenance, renewals and replacements of the Mortgaged Property and any available Maintenance Credit (as hereinbelow defined), to be at least equal to 10% of the result (the "Result") obtained by subtracting the Power Cost (as hereinbelow defined) of the Mortgagor for such three-year period from the Gross Operating Revenues (as hereinbelow defined) of the Mortgagor for such three-year period; or, if in any three calendar-year period, the Sum does not equal 10% of the Result, apply the amount of the deficiency as hereinafter provided.

The term "Maintenance Credit" shall mean the sum of (1) the excess of the amount used in each period of three consecutive calendar years for maintenance, renewals and replacements over 10% of the Result during such three-year period and (2) the amount of such excesses from prior years, less amounts thereof previously utilized as permitted by this section.

The term "Maintenance Deficit" shall mean the amount by which 10% of the Result in each period of three consecutive calendar years exceeds the sum of (1) the amount applied during such three-year period for maintenance, renewals and replacements and (2) the amount of any available Maintenance Credit.

The amount used for maintenance in each year shall be the amount shown by the Mortgagor for such year under Account Number 402 of the Uniform System of Accounts prescribed by the Rural Electrification Administration for its electric borrowers (hereinafter, as in effect on the date hereof, called the "Uniform System of Accounts"), and the amounts used for renewals and replacements shall be based upon improvements and replacements of Utility Plant associated with retirements thereof, less net salvage value.

The term "Power Cost" shall mean the amount which would be shown as "COST OF PURCHASED POWER" on line 39 of REA Bulletin 1-1, as now in effect, with respect to the calendar year.

The term "Gross Operating Revenues" shall mean the amount which would be shown as "TOTAL OPERATING REVENUE" on line 79 of REA Bulletin 1-1, as now in effect, with respect to the calendar year.

In furtherance of the covenant contained in this subsection (b), the Mortgagor will, within five months after the close of the third complete calendar year after the year in which this Mortgage is being executed, and within five months after the end of each three-year period following said third calendar year, furnish to the holder or holders of not less than a majority in principal amount of the notes at the time outstanding (hereinafter sometimes called the "majority noteholders") an Officer's Certificate, setting forth separately and in reasonable detail:

(1) The amount of Gross Operating Revenues derived by the Mortgagor from the Mortgaged Property during the three preceding calendar years and the Mortgagor's Power Cost for such three-year period;

(2) The amounts used during such three preceding calendar years for maintenance, renewals and replacements of the Mortgaged Property;

(3) Any Maintenance Credit not theretofore utilized as permitted by this section and the computation thereof; and

(4) The resulting Maintenance Credit or Maintenance Deficit.

In case any such Officer's Certificate shows a Maintenance Deficit, the Mortgagor shall either (i) immediately apply an amount equal to the largest integral multiple of \$1,000 which equals or is less than the amount of such Maintenance Deficit to the prepayment of the notes (such prepayments to be applied to such notes and installments thereof as may be designated by the majority noteholders at the time of any such prepayment), or (ii) immediately deposit the amount of such Deficit in a bank or banks satisfactory to the majority noteholders to be held by such bank or banks in a Restricted Maintenance Fund in trust for the benefit of the noteholders pursuant to a trust agreement satisfactory to the majority noteholders; provided, however, that, at the direction or with the approval of the majority noteholders, the Mortgagor may cause funds held in such Restricted Maintenance Fund to be applied to the making of expenditures for maintenance, renewals and replacements of the Mortgaged Property and provided, further, however, that in the event that there shall have been a balance in said Restricted Maintenance Fund at the end of each of two such consecutive reporting periods, the majority noteholders may thereafter cause the funds held therein to be applied as provided in clause (i) above.

In case any such certificate shows a Maintenance Credit, the Mortgagor may withdraw the amount of such Maintenance Credit from said Restricted Maintenance Fund to the extent that there is an accumulated balance therein, and the majority noteholders shall in such case cause such withdrawal to be permitted.

The amount of any Maintenance Credit not utilized to reduce a Maintenance Deficit or so withdrawn from the Restricted Maintenance Fund shall be available until utilized for such purposes.

The Mortgagor agrees that it will, within five months after the close of each calendar year during the term of this Mortgage (other than during years in which an Officer's Certificate is required to be furnished pursuant to the seventh paragraph of this subsection (b)), furnish to the majority noteholders an Officer's Certificate, setting forth separately and in reasonable detail the amounts described in clauses (1) and (2) of said paragraph for the preceding calendar year.

8. Section 7 of article II of the Mortgage is hereby amended by adding at the end thereof the following:

The Mortgagor will not, without the approval in writing of the majority noteholders, become or be obligated under Long-Term Leases for the rental from others of Restricted Property if the aggregate amount of rentals thereunder accrued or which may accrue during any period of 12 calendar months shall exceed 2% of the Equity of the Mortgagor at the time any determination

of such rental obligations is made hereunder. As used herein, the term "Equity" shall have the meaning assigned to it in section 16 of this article II. "Long-Term Leases" shall mean leases having unexpired terms (taking into account terms of renewal at the option of the lessor, whether or not such leases have theretofore been renewed) of more than 12 months, and "Restricted Property" shall mean all properties other than automobiles, trucks, trailers, tractors, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment.

9. Section 8 of article II of the Mortgage is hereby amended to read as follows:

SECTION 8. (a) The Mortgagor will take out, as the respective risks are incurred, and maintain the following classes and amounts of insurance: (1) fidelity bonds covering each officer and employee of the Mortgagor in not less than the following amounts, based on the estimated annual gross revenues of the Mortgaged Property:

<u>Annual Gross Revenue</u>		<u>Amount of Coverage</u>
Less than	\$ 200,000	\$ 10,000
\$200,001 to	400,000	20,000
400,001 to	600,000	40,000
600,001 to	800,000	60,000
800,001 to	1,000,000	80,000
over	1,000,000	100,000

and each collection agent of the Mortgagor shall be included in such fidelity bonds for not less than \$2,500, or 10 percent of the highest amount collected annually by any one collection agent, whichever is greater; (2) workmen's compensation insurance covering all employees of the Mortgagor, in such amounts as may be required by law, or if the Mortgagor or any of its employees are not subject to the workmen's compensation laws of the State or States in which the Mortgagor conducts its operations, then its workmen's compensation policy shall provide voluntary compensation coverage to the same extent as though the Mortgagor and such employees were subject to such laws; and including occupational disease liability coverage, and "additional medical" coverage of not less than \$10,000 in States where full medical coverage is not required by law; (3) public liability and property damage liability insurance, covering ownership liability, and all operations of the Mortgagor, with limits for bodily injury or death of not less than \$100,000 for one person and \$300,000 for each accident, and with limits for property damage of not less than \$50,000 for each accident and \$100,000 aggregate for the policy period; (4) liability insurance on all motor vehicles, trailers, semi-trailers, and aircraft used in the conduct of the Mortgagor's business, whether owned, non-owned or hired by the Mortgagor, with bodily injury limits of not less than \$100,000 for one person and \$300,000 for each accident, and with property damage limits of \$25,000 for each accident; in connection with aircraft liability, also passenger bodily injury limits of \$100,000 per person and \$300,000 for each accident; (5) comprehensive, or separate fire, theft and windstorm insurance covering loss of or damage to all owned motor vehicles, trailers, and aircraft of the Mortgagor, having a unit value in excess of \$1,000 in an amount not less than the actual cash value

of the property insured; (6) fire and extended coverage insurance, designating the majority noteholders as mortgagee in the policy, on each building and its contents, and on any other property of the Mortgagor, other than power lines and other distribution facilities, including without limitation property situated at each storage location of materials and supplies, poles and cross arms, owned by the Mortgagor, having a value at any one location in excess of \$5,000, or in excess of one percent of the total plant value, whichever is larger, and in an amount not less than 80 percent of the current cost to replace the property new, less actual depreciation; and (7) boiler and machinery insurance, if the Mortgaged Property includes electric generating facilities, in an amount for each accident not less than the actual current cash value of the property of the Mortgagor and of other adjacent property that could be damaged thereby.

The Mortgagor will also, from time to time, increase or supplement the classes and amounts of insurance specified above to the extent requested by the majority noteholders or required to conform to the accepted practice of companies of the size and character of the Mortgagor. The Mortgagor will, upon request of the majority noteholders, submit to the majority noteholders a schedule of its insurance in effect on the date specified in such request and copies of any policies or contracts relating thereto.

The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities, including standard REA endorsements and riders used by the insurance industry to provide coverage for REA borrowers. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 10 days after written notice to the majority noteholders of cancellation.

(b) In the event of damage to or the destruction or loss of any portion of the Mortgaged Property which shall be covered by insurance, unless the majority noteholders shall otherwise agree, the Mortgagor shall replace or restore such damaged, destroyed or lost portion so that the Mortgaged Property shall be in substantially the same condition as it was in prior to such damage, destruction or loss, and shall apply the proceeds of the insurance for that purpose. The Mortgagor shall replace the loss or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable, and shall pay or cause to be paid out of the proceeds of such insurance all costs and expenses in connection therewith so that such replacement or restoration shall be so completed that the portion of the Mortgaged Property so replaced or restored shall be free and clear of all mechanics' liens and other claims.

Sums recovered under any fidelity bond by the Mortgagor for a loss of funds advanced under the notes or recovered by the majority noteholders for any loss under such bond shall, unless otherwise directed by the majority noteholders, be applied to the prepayment of the notes (such prepayments to be applied to such notes and installments thereof as may be designated by the majority noteholders at the time of any such prepayment), or to construct or acquire facilities approved by the majority noteholders, which will become part of the Mortgaged Property.

10. Section 9 of article II of the Mortgage is hereby amended: (1) by substituting for the words "at the rate of five percentum (5%) per annum" in the first sentence of said section, the following: "At the highest legal rate but not in excess of ten percentum (10%) per annum"; and (2) by adding at the end of said section the following additional sentence: "A noteholder acting hereunder shall not be liable to the Mortgagor or any other noteholder except for losses resulting from gross negligence or wilful misfeasance."

11. Section 10 of article II of the Mortgage is hereby amended by eliminating the present subsection (b), by relettering subsections (c), (d) and (e) as subsections (b), (c) and (d) respectively, and by revising the newly-lettered subsection (b) so that it reads as follows: "(b) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric power or energy, for the sale for resale, or for the sale to the ultimate consumer, of electric power and energy in excess of 1,000 kilowatts, or for the use by others of any of its property;"

12. Section 12 of article II of the Mortgage is hereby amended to read as follows:

SECTION 12. The Mortgagor will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Mortgagor, in accordance with the methods and principles of accounting prescribed in the Uniform System of Accounts. The Mortgagor will prepare and furnish each noteholder not later than the 15th day of each month, or at less frequent intervals when specified by the majority noteholders, financial and statistical reports on its condition and operations. Such reports shall be in such form and include such information as may be specified by the majority noteholders, including without limitation an analysis of the Mortgagor's revenues, expenses and consumer accounts. The Mortgagor will cause to be prepared and furnished to each noteholder, at least once during each 12-month period during the term hereof, a full and complete report of its financial condition as of a date (hereinafter called the "Fiscal Date") not more than 90 days prior to the date such report is furnished to the noteholders hereunder, and of its operations for the 12-month period ended on the Fiscal Date, in form and substance satisfactory to the majority noteholders, audited and certified by independent certified public accountants satisfactory to the majority noteholders and accompanied by a report of such audit in form and substance satisfactory to the majority noteholders. Any noteholder, through its representatives, shall at all times during reasonable business hours have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Mortgagor or in anywise pertaining to its property or business.

13. Sections 16, 17 and 18 of article II of the Mortgage are hereby amended to read as follows:

SECTION 16. The Mortgagor will not, in any one year, without the approval in writing of the majority noteholders, declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any other cash distributions (such dividends, refunds, retirements and other distributions being hereinafter collectively called "distributions"), to its members, stockholders or consumers if after giving effect to any such distribution the total Equity of the Mortgagor will not equal or exceed 40% of its total assets and other debits; provided, however, that in any event the Mortgagor may make distributions to estates of deceased patrons to the extent required or permitted by its articles of incorporation and bylaws, and,

if such distributions to such estates do not exceed 25% of the patronage capital and margins received by the Mortgagor in the next preceding year, make such additional distributions in any year as will not cause the total distributions in such year to exceed 25% of the patronage capital and margins received in such next preceding year, and provided, further, however, that in no event will the Mortgagor make any distributions if there is unpaid when due any installment of principal or interest on the notes, if the Mortgagor is otherwise in default hereunder or if, after giving effect to any such distribution, the Mortgagor's total current and accrued assets would be less than its total current and accrued liabilities.

For the purpose of this section: (1) a "cash distribution" shall be deemed to include any general cancellation or abatement of charges for electric energy or services furnished by the Mortgagor, but not the repayment of a membership fee of not in excess of \$25 upon termination of a membership; (2) "Equity" shall mean the aggregate of Equities and Margins (as such terms are defined in the Uniform System of Accounts) and Subordinated Indebtedness; and (3) "Subordinated Indebtedness" shall mean unsecured indebtedness of the Mortgagor payment of which shall be subordinated to the prior payment of the notes by subordination agreement in form and substance satisfactory to the majority noteholders.

SECTION 17. In the event that the Mortgaged Property or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom, except to the extent that all noteholders shall consent to other use and application thereof by the Mortgagor, shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness by this Mortgage secured other than principal or interest on the notes; second, to the ratable payment of interest which shall have accrued on the notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the notes, to such installments thereof as may be designated by the respective noteholders at the time of any such payment; and, fourth, the balance shall be paid to whosoever shall be entitled thereto; provided, however, that any noteholder may cause funds to which it may be entitled under clause third hereof to be applied by the Mortgagor to the making of a deposit in the construction fund contemplated by Account 131.2 of the Uniform System of Accounts instead of causing such funds' being applied to the prepayment of any note held by such noteholder.

SECTION 18. The Mortgagor will not at any time employ, or enter into any contract for the employment of, any general manager of the Mortgagor's system or any person exercising comparable authority to such a manager, unless such employment or such contract shall first have been approved by the majority noteholders. If, during such periods as the Mortgagor shall be in default in the making of payment or payments of principal or interest on one or more of the notes or otherwise be in default hereunder, the majority noteholders shall at any time give notice to the Mortgagor that in their opinion such system is not being efficiently operated and shall request the termination of the employment of any such manager or person exercising comparable authority, or shall request the termination of any operating contract in respect of any such system, the Mortgagor will terminate such employment or operating contract within thirty (30) days after the date of such notice. All contracts in respect of the employment of any such manager or person exercising comparable authority, or for the operation of any such system, shall contain provisions to permit compliance with the foregoing covenants.

~~Article II of the Mortgage is hereby amended by deleting therefrom section (relating to acceleration of payments under certain circumstances).~~

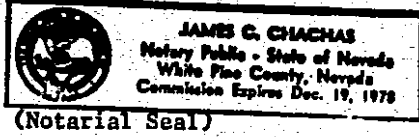
14. Article II of the Mortgage is hereby amended by adding at the end thereof the following new section:

SECTION 21. The Mortgagor will not, without the written approval of the majority noteholders, hereafter make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of, or guaranty, assume or otherwise become obligated or liable with respect to the obligations of, any person, firm or corporation, except (i) securities or deposits issued, guaranteed or fully insured as to payment by the United States Government or any agency thereof, (ii) Capital Term Certificates or other securities of the National Rural Utilities Cooperative Finance Corporation, (iii) capital credits resulting from the payment for power and energy purchased and actually received from a generating and transmission cooperative of which the Mortgagor is a member, (iv) loans, deposits, advances, investments, securities and obligations which the Mortgagor has, prior to the date hereof, committed itself to make, purchase or undertake, as the case may be, and as to which the Mortgagor has given the majority noteholders notice in writing prior to the date hereof, and (v) such other loans, deposits, advances, investments and obligations as may from time to time be made, purchased or undertaken by the Mortgagor; provided, however, that the aggregate cost of investments, plus the total unpaid principal amount of loans, deposits, advances and obligations, permitted under this clause (v) shall not at any time exceed 3% of the total utility plant (as such term is defined in the Uniform System of Accounts) of the Mortgagor.

STATE OF NEVADA)
) SS
COUNTY OF *White Pine*)

On this *#17th* day of *May*, 19 *75*, before me appeared *James W. Delmore, Jr.* to me personally known, who, being by me duly sworn, did say that he is the ~~Secretary~~ of Mt. Wheeler Power, Inc., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of a duly adopted resolution of its board of directors, and he acknowledged to me that said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.



James C. Chachas
Notary Public

My commission expires

RECORDED AT THE REQUEST OF Vaughan, Hull, Marfisi, Goicoechea & Miller
on May 21 1975 at 45 mins past 8 A. M.
Book 51 of OFFICIAL RECORDS, page 369-383 RECORDS OF
EUREKA COUNTY, NEVADA. *James C. Chachas*
File No. 59967 Fee \$ 17.00
FILE NO. 59967