

RESTATED MORTGAGE

AND

SECURITY AGREEMENT

Made By And Between

MT. WHEELER POWER, INC.

Mortgagor

and

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

Mortgagee

Dated as of October 16, 1996

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS MADE BY THE
MORTGAGEES TO THE MORTGAGOR AND FUTURE OBLIGATIONS OF THE
MORTGAGOR TO THE MORTGAGEES.
THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS.

THIS INSTRUMENT WAS DRAFTED BY ROBERTA B. ARONSON, ASSISTANT
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CORPORATION (CFC), WOODLAND PARK, 2201 COOPERATIVE WAY,
HERNDON, VIRGINIA 22071. CFC'S TELEPHONE NUMBER IS 1-800-424-2954.

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RESTATEd MORTGAGE AND SECURITY AGREEMENT, dated as of October 16, 1996 ("Mortgage") is made by and between MT. WHEELER POWER, INC. (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Nevada, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC" or the "Mortgagee"), a corporation existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Mortgagor and CFC are parties to that certain Supplemental Mortgage and Security Agreement dated as of February 3, 1982, as supplemented, amended or restated (the Original Mortgage) identified in Appendix A, hereinafter called the Instruments Recital) originally entered into between the Mortgagor, the United States of America acting by and through the Administrator of the Rural Utilities Service (hereinafter called RUS) and CFC; and

WHEREAS, the Mortgagor has prepaid all of its outstanding indebtedness to the RUS, payment of which was secured by the lien of the Original Mortgage and RUS has released all of its rights, interests and liens under the Original Mortgage; and

WHEREAS, this Mortgage restates and consolidates the Original Mortgage while preserving the priority of CFC's lien under the Original Mortgage and secures the payment of Mortgagor's outstanding and current secured indebtedness to CFC, as more particularly described below; and

WHEREAS, the Mortgagor has heretofore borrowed funds from CFC pursuant to Loan Agreements (hereinafter called the Outstanding CFC Loan Agreements) and identified in the Instruments Recital), between Mortgagor and CFC, and has duly authorized, executed and delivered to CFC or has secured the payment of certain promissory note(s) payable to CFC (hereinafter called the Outstanding CFC Notes" and identified in the Instruments Recital) now outstanding and held by CFC; and

WHEREAS, it is contemplated that the Outstanding CFC Notes shall be secured by this Mortgage as well as additional notes and refunding, renewal and substitute notes (hereinafter collectively called the "Additional Notes") which may from time to time be executed and delivered by the Mortgagor as hereinafter provided (the Outstanding Notes and any Additional Notes each being hereinafter called a Note" and collectively called the Notes); and

WHEREAS, the Mortgagor and the Mortgagee are authorized to enter into this Mortgage.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, do agree as follows:

CFC Form C48 (Class A)
Electric Mortgage for Non-RUS Borrowers
Rev. 4/22/96
NV 19 dmm final phase

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the terms defined elsewhere in this Mortgage, the terms defined in this Article I shall have the meanings specified herein and/or under the applicable Uniform Commercial Code, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Additional Notes shall mean any Notes issued by the Mortgagee to CFC or any other lender pursuant to Article III of this Mortgage including any refunding, refinancing, renewal, or substitute Notes which may from time to time be executed and delivered by the Mortgagee pursuant to the terms of Article III.

Business Day shall mean any day other than a day on which national banks are legally authorized to close in the State of Nevada, the State of Utah or the State of Illinois.

CFC is defined in the introductory paragraph to this Mortgage and shall include its successors and assigns.

Debt Service Coverage Ratio ("DSCR") shall mean the ratio determined for any calendar years as follows. The numerator of the fraction shall be determined by adding (i) Operating Margins, (ii) Non-Operating Margins--Interest, (iii) Interest Expense, (iv) Depreciation and Amortization Expense, and (v) cash received in respect of generation and transmission and other capital credits, and subtracting therefrom interest Expense on CFC Loan No. NV 19-A-9008 identified in Appendix A hereto. The denominator of the fraction shall be determined by adding the sum of all payments of Principal and Interest Expense during such calendar year, and subtracting therefrom the sum of all payments of Principal and Interest Expense on CFC Loan No. NV 19-A-9008 identified in Appendix A hereto during such calendar year. In the event that any Long-Term Debt has been refinanced during such year the payments of Principal and Interest Expense 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 payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Mortgagee as computed in accordance with generally accepted accounting principles.

Equity shall mean the aggregate of Mortgagee's equities and margins as computed in accordance with generally accepted accounting principles.

Event of Default shall have the meaning specified in Section 5.01 hereof.

Excepted Property shall mean the properties, if any, identified on Appendix C hereto.

Fiscal Year shall mean the fiscal year of the Mortgageor.

Form 7 shall mean the form so identified by CFC or, if no such form is applicable to the accounts of the Mortgageor, such reference shall apply to the corresponding information otherwise determined in accordance with generally accepted accounting principles.

Interest Expense shall mean an amount constituting the interest expense with respect to Total Long-Term Debt of the Mortgageor as computed in accordance with generally accepted accounting principles.

Lien shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

Loan Agreements shall mean the Outstanding CFC Loan Agreements and any other loan, credit or similar agreement, and any amendments thereto, executed by and between the Mortgageor and CFC in connection with the execution and delivery of any Notes secured hereby and any loan agreement between the Mortgageor and another mortgagee in connection with the execution and delivery of any Notes secured hereby.

Long-Term Debt shall mean any amount included in Total Long-Term Debt computed in accordance with generally accepted accounting principles.

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 previously been renewed) of more than 12 months.

Mortgaged Property shall have the meaning specified in Section 2.01 hereof.

Mortgagee shall mean CFC, its successors and assigns, and any other holders of Additional Notes issued pursuant to Section 3.01 and secured by this Mortgage pursuant to Section 3.02.

Non-Operating Margins--Interest shall mean the amount of non-operating margins--interest of Mortgageor as computed in accordance with generally accepted accounting principles.

Note or Notes shall have the meaning given to it in the recitals of this Mortgage.

Operating Margins shall mean the net amount of operating revenue and patronage capital less the total cost of electric service of the Mortgageor as computed in accordance with generally accepted accounting principles.

Outstanding CFC Notes shall mean all Notes previously issued and identified as such in Appendix A attached hereto.

Permitted Debt shall have the meaning specified in Section 4.03.

Permitted Encumbrances shall mean:

(i) any Liens for taxes, assessments or governmental charges for the current year and taxes, assessments or governmental charges not due and delinquent and any such Liens, whether or not delinquent, whose validity is at the time contested in good faith and for which the Mortgage (a) has set aside on its books adequate reserves in accordance with generally accepted accounting principles and (b) has available cash, cash equivalents or availability under lines of credit sufficient to cover the amounts of such Liens;

(ii) Liens for workers' compensation awards and similar obligations not then delinquent and any such Liens, whether or not delinquent, whose validity is at the time contested in good faith and for which the Mortgage (a) has set aside on its books adequate reserves in accordance with generally accepted accounting principles and (b) has available cash, cash equivalents or availability under lines of credit sufficient to cover the amounts of such Liens;

(iii) mechanics', laborers', materialmen's and similar Liens not then delinquent, and any such Liens, whether or not delinquent, whose validity is at the time being contested in good faith;

(iv) Liens and charges incidental to construction or current operation which have not been filed or asserted or the payment of which has been adequately secured or which, in the opinion of counsel to the Mortgage are insignificant in amount;

(v) Liens, securing obligations not assumed by the Mortgage and on account of which it does not pay and does not expect to pay interest, existing upon real estate (or rights in or relating to real estate) over or in respect of which the Mortgage has a right-of-way or other easement for substitution, transmission, distribution or other right-of-way purposes;

(vi) any right which the United States of America or any state or municipality or governmental body or agency may have by virtue of any franchise, license, contract or statute to purchase, or designate a purchaser of, or order the sale of, any property of the Mortgage upon payment of reasonable compensation therefor, or upon reasonable compensation or conditions to terminate any franchise, license or other rights before the expiration date hereof or to regulate the property and business of the Mortgage;

(vii) attachment of judgment Liens covered by insurance, or upon appeal and covered by bond;

(viii) deposits or pledges to secure payment of workers' compensation, unemployment insurance, retirement pensions or other social security;

(ix) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations;

(x) surety or appeal bonds, and other deposits or pledges for purposes of like general nature in the ordinary course of business;

(xi) easements or reservations in respect to any property for the purpose of transmission and distribution lines and rights-of-way and similar purposes, zoning ordinances, regulations, reservations, restrictions, covenants, party wall agreements, conditions of record and other encumbrances (other than to secure the payment of money), none of which is such as to interfere with the proper operation of the property affected thereby;

(xii) the burdens of any law or governmental organization or permit requiring the Mortgagor to maintain certain facilities or perform certain acts as a condition of its occupancy of or interference with any public land or any river, stream or other waters or relating to environmental matters;

(xiii) any Lien or encumbrance for the discharge of which moneys have been deposited in trust with a proper depository to apply such moneys to the discharge of such Lien or encumbrances;

(xiv) any Lien reserved as security for rent or compliance with other provisions of the lease in case of any leasehold estate made, or existing on property acquired, in the ordinary course of business or in connection with capitalized leases permitted by Section 4.03;

(xv) purchase money indebtedness permitted by Section 4.03; and

(xvi) Liens arising hereunder, including any supplemental mortgage hereto, and liens created by the Original Mortgage.

Principal shall mean the amount of principal due on account of Total Long-Term Debt of the Mortgagor as computed in accordance with generally accepted accounting principles.

Restricted Rentals shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

Subordinated Indebtedness shall mean 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 Mortgagor which approval will not be unreasonably withheld.

Total Assets shall mean an amount constituting total assets of the Mortgagor as computed in accordance with to generally accepted accounting principles.

Total Long-Term Debt shall mean an amount constituting the long-term debt of the Mortgagor as computed in accordance with generally accepted accounting principles.

Total Utility Plant shall mean the amount constituting the total utility plant of the Mortgagor, including all electric, water, waste water, sewer, solid waste, cable, telecommunications and other electronic communications facilities and property, computed in accordance with generally accepted accounting principles.

Uniform Commercial Code shall mean the Uniform Commercial Code of any state in which any of the Mortgaged Property is located.

Section 1.02. Construction of Mortgage

a. Accounting terms not referred to above are used in this Mortgage in accordance with generally accepted accounting principles.

b. Except as set forth in Article V, whenever this Mortgage requires the consent or approval of the Mortgagor, if there is more than one Mortgagor, such consent or approval shall only be required by noteholders having at least 10% of the aggregate unpaid principal balance of the Notes outstanding.

ARTICLE II

SECURITY

Section 2.01. Granting Clause. In order to secure the payment of the principal of (and premium, if any) and interest on the Notes, according to their terms, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage and the Loan Agreements, and to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor, in consideration of the premises, does hereby grant, bargain, sell, alienate, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm unto the Mortgagor, and their respective assigns, all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired by the Mortgagor, wherever located, and grants a security interest therein for the purposes herein expressed, except any Excepted Property, and including all and singular the following described property (all of which is hereinafter called the "Mortgaged Property"):

All right, title and interest of the Mortgagor in and to the electric generating plants and facilities and electric transmission lines and facilities now owned by the Mortgagor and located in the counties listed in Appendix B hereto, or hereafter constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including any and all other property of every nature and description, used or acquired for use by the Mortgagor in connection therewith, and including, without limitation, the property described in the property schedule listed on, or attached to, Appendix B hereto;

I

All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by or on behalf of the Mortgagor of electric transmission or distribution lines or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located;

II

All right, title and interest of the Mortgagor in, to and under any and all licenses, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, authorizing the construction, acquisition, or operation of electric transmission or distribution lines, or systems, or any electric generating plant or plants, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged or pledged;

III

All right, title and interest of the Mortgagor in, to and under any and all contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm, corporation or governmental body or agency providing for the purchase, sale, exchange or transmission of electric power or energy by the Mortgagor together with any and all other accounts, contract rights and general intangibles (as such terms are defined in the applicable Uniform Commercial Code) heretofore or hereafter acquired by the Mortgagor, including, without limitation, the accounts, contract rights and general intangibles described in Appendix B hereto;

IV

Also, all right, title and interest of the Mortgagor in and to all other property, real or personal, tangible or intangible, of every kind, nature and description, and wheresoever situated, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned but not specifically described herein or acquired or held by the Mortgagor after the date hereof shall be as fully embraced within and subjected to the lien hereof as if the same were now owned by the Mortgagor and were specifically described herein to the extent only, however, that the subsection of such property to the lien hereof shall not be contrary to law;

Together with all rents, income, revenues, profits, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

TO HAVE AND TO HOLD all and singular the Mortgaged Property unto the Mortgagor and their respective assigns forever, to secure equally and ratably the payment of the principal of (premium, if any) and interest on the Notes, according to their terms, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or as to lien or otherwise of any Note over any other Note by reason of the priority in time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof, or otherwise, and to secure the due performance of the covenants, agreements and provisions herein and in the Loan Agreements contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE III

ADDITIONAL SECURED NOTES

Section 3.01. Additional Secured Notes. Without the prior consent of the Mortgagor, the Mortgagor may issue Additional Notes to CFC or to another lender which Notes will thereupon be secured equally and ratably with the Notes if the following requirements are satisfied:

(1) As evidenced by a certificate of an independent certified public accountant delivered to the Mortgagor, the Mortgagor shall have achieved for each of the two calendar years preceding, or any two consecutive 12 month periods ending within 180 days preceding the issuance of such Notes, a DSC of not less than 1.35; and

(2) No Event of Default or any event which the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing hereunder.

The Mortgagor shall also have the right without the consent of the Mortgagee, so long as an Event of Default or any event which with the giving of notice or lapse of time or both would become an Event of Default, has not occurred and is continuing hereunder, to issue Additional Notes for the purpose of renewing, substituting, refunding or refinancing any Notes so long as the total amount of outstanding indebtedness evidenced by any such Additional Note is not greater than 105% of the Note being renewed, substituted for, refunded or refinanced.

Section 3.02. Supplemental Mortgages. In the event the Mortgagor issues an Additional Note pursuant to Section 3.01 and all action, if any, necessary to secure such holder as an additional Mortgagee hereunder has been taken, then the holder of such Additional Note shall be, without further act or deed, entitled to the benefits of this Mortgage. Each of the Mortgagees shall execute and deliver any amendment or supplement to this Mortgage and take such other action reasonably requested by the Mortgagor or the holder of such Additional Note in order to secure such Additional Note under this Mortgage, to provide that such holder shall be entitled to the benefits of this Mortgage (including, where the holder is not a Mortgagee prior to the issuance of such Additional Note, to add such holder as an additional Mortgagee), and to make such other amendments and modifications as shall be appropriate in connection therewith.

ARTICLE IV

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants, except as otherwise permitted by the consent of the Mortgagee, with the Mortgagee from time to time, as follows:

Section 4.01. Authority to Execute and Deliver Notes and Mortgages; All Action Taken; Enforceable Obligations. The Mortgagor is authorized under its articles of incorporation and bylaws and all applicable laws and by corporate action to execute and deliver the Notes and this Mortgage; and the Notes and this Mortgage are, and any Additional Notes when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general equitable principles.

Section 4.02. Authority to Mortgage Property; No Liens; Exception for Permitted Encumbrances; Mortgagor to Defend Title and Remove Liens. The Mortgagor warrants that it has good right and lawful authority to mortgage the Mortgaged Property for the purposes herein expressed, and that the Mortgaged Property is free and clear of any Lien, affecting the title thereto, except Permitted

Encumbrances. Except as to Permitted Encumbrances, the Mortgagor will, so long as any of the Notes shall be outstanding, maintain and preserve the lien of this Mortgage superior to all other Liens affecting the Mortgaged Property and will forever warrant and defend the title to the Mortgaged Property against any and all claims and demands. Subject to the provisions of Section 4.03 and the next succeeding sentence as to leases, the Mortgagor will purchase all materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright and not subject to any conditional sales agreement, chattel mortgage, bailment or other agreement reserving to the seller any right, title or Lien. Subject to the provisions of Section 4.03, the Mortgagor will not lease any materials, equipment or replacements to be incorporated in its electric utility system. Except as to Permitted Encumbrances, the Mortgagor will promptly pay or discharge any and all obligations for or on account of which any such Lien might exist or could be created and any and all lawful taxes, rates, levies, assessments, Liens, claims or other charges imposed upon or accruing upon any of the Mortgagor's property (whether taxed to the Mortgagor or to the Mortgagee), or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable.

Section 4.03. Additional Permitted Debt. Except as permitted by Section 3.01 hereunder and the Loan Agreements, the Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt (including Subordinated Indebtedness) other than the following: ("Permitted Debt")

- (1) Purchase money indebtedness in non-electric utility property, in an amount outstanding at any time not exceeding 10% of Total Utility Plant or 50% of Equity, whichever is greater;
- (2) Capitalized leases in an amount outstanding at any time not to exceed 5% of Total Utility Plant.
- (3) Unsecured current liabilities incurred in the ordinary course of business including accounts payable for goods and services; and
- (4) Unsecured indebtedness.

Section 4.04. Payment of Notes. The Mortgagor will duly and punctually pay the principal of (premium, if any) and interest on the Notes at the dates and places and in the manner provided therein, and all other sums becoming due hereunder.

Section 4.05. Preservation of Corporate Existence and Franchises. The Mortgagor will, so long as any of the Notes are outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, permits, and licenses now or hereafter to be granted or upon it conferred, and will comply with all valid laws, ordinances, regulations, and requirements applicable to it or its property.

Section 4.06. Maintenance of Mortgaged Property. So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property in good repair, working order and condition, ordinary wear and tear and acts of God excepted, and in compliance with all applicable laws, regulations and orders, and will from time to time make all necessary and proper repairs, renewals, and replacements, and useful and proper alterations, additions, betterments and improvements, and will, subject to contingencies beyond its reasonable control, at all times keep its plant and properties in continuous operating condition and use all reasonable diligence to furnish the consumers served by it through the Mortgaged Property, or any part thereof, with an adequate supply of electric energy and other services furnished by the Mortgagor. If any substantial part of the Mortgaged Property is leased by the Mortgagor to any other party, the lease agreement between the Mortgagor and the lessee shall obligate the lessee to comply with the provisions of this Section in respect of the leased facilities and permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

Section 4.07. Insurance; Restoration of Damaged Mortgaged Property. The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards for such classes and amounts of coverages of utilities of the size and character of the Mortgagor.

The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities, and, with respect to insurance upon any part of the Mortgaged Property, shall provide that the insurance shall be payable to the Mortgagees as their interest may appear by means of the standard mortgage clause without contribution. 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 thirty (30) days after written notice to the Mortgagee of cancellation.

In the event of damage to or the destruction or loss of any portion of the Mortgaged Property, the Mortgagor shall promptly 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; provided, however, that such replacement or restoration shall not be required if the property damaged or destroyed is not necessary for, or integral to, the proper operation of any material portion of the business of Mortgagor.

Sums recovered under any policy or fidelity bond by the Mortgagee for a loss of funds advanced under the Notes or recovered by the Mortgagee for any loss under such policy or bond shall, unless otherwise directed by the Mortgagee, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such notes and installments thereof as may be designated by the Mortgagee at the time of any such prepayment), or be used to construct or acquire facilities which will become part of the Mortgaged Property. At the request of the Mortgagee, the Mortgagee shall exercise such rights and remedies which it may have under such policy or fidelity bond and which may be designated by the Mortgagee, and the Mortgagee hereby irrevocably appoints the Mortgagee as its agent to exercise such rights and remedies under such policy or bond as the Mortgagee may choose, and the Mortgagee shall pay all costs and expenses incurred by the Mortgagee in connection with such exercise.

Section 4.08. Mortgagee Right to Expend Money to Protect Mortgaged Property. The Mortgagee agrees that the Mortgagee from time to time hereunder may in its sole discretion, but shall not be obligated to, after having given five (5) Business Days prior written notice to Mortgagee, advance funds on behalf of Mortgagee, in order to insure Mortgagee compliance with any covenant, warranty, representation or agreement of Mortgagee made in or pursuant to this Mortgage or any of the Loan Agreements, to preserve or protect any right or interest of the Mortgagee in the Mortgaged Property or under or pursuant to this Mortgage or any of the Loan Agreements, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any lien upon the Mortgaged Property or other property or assets of Mortgagee; provided, however, that the making of any such advance by the Mortgagee shall not constitute a waiver by the Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagee of any such Event of Default. The Mortgagee shall pay to the Mortgagee upon demand all such advances made by the Mortgagee with interest thereon at a rate equal to the Mortgagee's rate at such time for short-term loans but in no event shall such rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by the security interest granted hereunder.

Section 4.09. Further Assurances. Upon the request of any Mortgagee hereunder, the Mortgagee shall promptly execute, acknowledge or deliver, or cause to be executed, acknowledged or delivered to such Mortgagee supplements hereto and/or financing statements and other instruments and documents as may be requested by such mortgagee to protect and preserve the Mortgaged Property, perfection of such Mortgagee's security interest therein and/or such mortgagee's rights and remedies hereunder.

Section 4.10. Application of Proceeds from Condemnation. 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 may be used to finance construction of facilities secured or to be secured by this Mortgage. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage 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 holder at the time of any such payment.

Section 4.11. Compliance with Loan Agreements; Notice of Amendments to and Defaults under Loan Agreements. The Mortgagor will observe and perform all of the covenants, agreements, terms and conditions contained in any Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended. The Mortgagor will send promptly to each Mortgagee notice of any default by the Mortgagor under any Loan Agreement and notice of any amendment to any Loan Agreement.

Section 4.12. Rights of Way, etc. The Mortgagor will use its best efforts to obtain all such rights of way and easements from landowners as shall be necessary or advisable in the conduct of its business, and, if requested by the Mortgagee, deliver to the Mortgagee evidence satisfactory to it that it has obtained such rights of way and easements.

Section 4.13. Notice of Change of Chief Executive Offices. The Mortgagor will promptly notify the Mortgagee in writing of any change in location of its chief executive office or the office where its records concerning accounts and contract rights are kept.

Section 4.14. Notice of Change of Name. The Mortgagor will promptly notify the Mortgagee in writing of any change to the name of Mortgagor.

ARTICLE V

REMEDIES OF THE MORTGAGEE

Section 5.01. Events of Default: Each of the following shall be an Event of Default:

(a) **Payments.** Default shall be made in the payment of any installment of or on account of interest on or principal of (or premium, if any associated with) any Note or Notes which shall remain unsatisfied for five (5) Business Days after written notice thereof shall have been furnished by the holder of such Note to the Mortgagor;

(b) Other Covenants. Default shall be made in the due observance or performance of any other of the covenants, conditions or agreements on the part of the Mortgagor, in any of the Notes, Loan Agreements or in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default shall have been given to the Mortgagor by the Mortgagee;

(c) Bankruptcy. The Mortgagor shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization, shall not be dismissed within sixty (60) days after the institution thereof;

(d) Dissolution or Liquidation. Other than as provided in subsection (c) above, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days;

(e) Corporate Existence. The Mortgagor shall forfeit or otherwise be deprived of its corporate charter or franchises, permits, easements, or licenses required to carry on any material portion of its business;

(f) Final Judgment. A final judgment in excess of \$500,000 shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days;

(g) Representations and Warranties. Any representation or warranty made by the Mortgagor herein, in the Loan Agreements or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect; or

(h) Other Obligations. Default by the Mortgagor in the payment of any obligation in the amount of \$500,000 or more, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation and with respect to which such obligation has been accelerated.

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

a) Payment Defaults. If an Event of Default described in Section 5.01 related to the payment of any principal or interest installment (or premium, if any associated with) under any Note has occurred and is continuing, any Mortgagee upon which such default has occurred may declare the principal of, and any other amounts due on account of, all its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and to all other Mortgagees (failure to provide said notice to all other Mortgagees shall not effect the validity of any acceleration of the Note or Notes by such Mortgagee), and upon such declaration, all unpaid principal (premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding. Upon receipt of actual knowledge of or any notice of acceleration by any Mortgagee, any other Mortgagee may declare the principal of all of its Notes to be due and payable immediately by a notice in writing to the Mortgagor and upon such declaration, all unpaid principal (premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(b) Other Defaults. (i) If CFC is the holder of a majority of the outstanding indebtedness secured by this Mortgage, then upon the occurrence of any other Event of Default, CFC may declare the principal (premium, if any) and accrued interest on all of its Notes secured by this Mortgage due and payable and upon such declaration, all unpaid principal (premium, if any) and interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding. Should CFC not take any such action to accelerate its Notes within thirty (30) days after an Event of Default, any other Mortgagee shall have the right to declare the principal (premium, if any) and accrued interest on all Notes secured by this Mortgage due and payable and upon such declaration, all unpaid principal (premium, if any) and interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(ii) If CFC is not the holder of a majority of the outstanding indebtedness secured by this Mortgage, then upon the occurrence of any other Event of Default, any Mortgagee shall have the right to declare the principal (premium, if any) and accrued interest on all Notes secured by this Mortgage due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(c) Rescission and Annulment. If at any time after the unpaid principal interest which shall have become due and payable by the terms of such Note or Notes (other than amounts due as a result of the acceleration of the Notes) shall be paid to the respective Mortgagee, and all other defaults hereunder and under the Notes shall have been made good and secured to the satisfaction of each of the Mortgagees, then and in every such case, a Mortgagee who shall have declared the principal of (premium, if any) and interest on Notes held by such Mortgagee to be due and payable may, by written notice to the Mortgagee, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 5.03. Remedies of Mortgagee. If one or more of the Events of Default shall occur and be continuing, CFC or any holder of at least 25% of the aggregate unpaid principal balance of the Notes, personally or by attorney, in its or their discretion, may, on behalf of all of the noteholders to the fullest extent permitted by law:

(a) Possession; Collection. Take immediate possession of the Mortgagee Property, collect and receive all credits, outstanding accounts and bills receivable of the Mortgagee and all rents, income, revenues and profits pertaining to or arising from the Mortgagee Property, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor, and manage, control and operate the Mortgagee Property as fully as the Mortgagee might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(b) Enforcement; Receiver. Proceed to protect and enforce the rights of the Mortgagee and the rights of each mortgagee by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in aid of the execution of any power herein granted or for the foreclosure hereof or herunder or for the sale of the Mortgagee Property, or any part thereof, or to collect the debts hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit, the mortgagee instituting such action or suit shall have the right to seek the appointment of a receiver of the Mortgagee Property and of all rents, income, revenues and profits pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law;

(c) Auction. Sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereon, at public auction at such place in any county in which the property to be sold, or any part thereof, is located, at such time and upon such terms as may be specified in a notice of sale, which notice shall comply with all applicable law. Subject to all applicable provisions of law, any sale to be made under this subparagraph (c) of this Section 5.03 may be adjourned from time to time by announcement at the time and place appointed for such sale, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned; and

(d) Expenses. Any expenses incurred by any Mortgagee (including, but not limited to, receiver's fees, counsel fees, cost of advertisement, and agents' compensation) in the exercise of any of the remedies provided in this Mortgage shall be secured by this Mortgage.

Notwithstanding anything to the contrary set forth above or in any of the Loan Agreements, at the request of the Mortgagor, CFC hereby covenants and agrees that, if CFC commences a judicial foreclosure proceeding under or pursuant to the terms of this Mortgage, then CFC shall seek to obtain an order of the court having jurisdiction over such proceeding which determines that the Participation Interest more particularly described on Appendix B attached hereto shall be sold separate and apart from the other property comprising the Mortgaged Property and that such sale shall be conducted prior to the sale of any of the other Mortgaged Property. Likewise, if CFC pursues its remedies under this Mortgage by way of any nonjudicial foreclosure or other private sale of the Mortgaged Property, then CFC shall offer, or cause any other party conducting any such nonjudicial foreclosure or other private sale on CFC's behalf, to offer the Participation Interest for sale prior to liquidation and disposition of the other property comprising the Mortgaged Property. The Mortgagor covenants and agrees that thirty (30) days notice shall be deemed to be commercially reasonable notice of any such nonjudicial foreclosure or other private sale.

The foregoing agreement by CFC with respect to the order of priority of liquidation and disposition of the Mortgaged Property shall not in any way obligate CFC to purchase the Participation Interest or make any bid or offer to purchase the Participation Interest nor guarantee that any other party will bid at any such sale or that a certain purchase price will be obtained at any such sale. Neither shall the foregoing agreement by CFC limit in any manner CFC's other rights and remedies set forth in this Mortgage or otherwise, including, but not limited to, the right to effect the subsequent liquidation or disposition of the other property comprising the Mortgaged Property, in whole or in part, in such order of priority as CFC shall determine reasonable, subject to applicable law. Likewise, the Mortgagor agrees that nothing set forth herein shall limit or impair any right of CFC, subject to applicable law, to obtain a deficiency judgment against the Mortgagor.

Section 5.04. Application of Proceeds from Remedial Actions. Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; and the balance, if any, shall be paid to the Mortgagor or whosoever shall be lawfully entitled thereto.

Section 5.05. Remedies Cumulative; No Election. Every right or remedy herein conferred upon or reserved to the Mortgagee shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

Section 5.06. Notice of Default. The Mortgagor covenants that it will give immediate written notice to the Mortgagee of the occurrence of an Event of Default or in the event that any right or remedy described in Sections 5.02 and 5.03 hereof is exercised or enforced or any action is taken to exercise or enforce any such right or remedy by any other Mortgagee.

ARTICLE VI

POSSESSION UNTIL DEFAULT-DEFFASANCE CLAUSE

Section 6.01. Possession Until Default. Until some one or more of the Events of Default shall have happened, the Mortgagor shall be suffered and permitted to retain actual possession of the Mortgaged Property, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, including, without limitation, the right to amend, terminate, or otherwise act under or with respect to any contracts or other intangible property constituting Mortgaged Property, except to the extent such right may be limited by the terms of any of the Loan Agreements, and to collect, receive, take, use and enjoy the rents, revenues, issues, earnings, income, products and profits thereof or therefrom, subject to the provisions of this Mortgage.

Section 6.02. Defeasance. If the Mortgagor shall pay or cause to be paid the whole amount of the principal of (premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder or under any applicable Loan Agreement and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagee shall thereupon cease, terminate and become void and the Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's

cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, each mortgagee, upon payment in full to such mortgagee by the Mortgagor of all principal of (premium, if any) and interest on any Note held by such mortgagee and the payment and discharge by the Mortgagor of all charges due to such mortgagee hereunder or under any applicable Loan Agreement, shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Property Deemed Real Property. It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines, or other electric or non-electric systems and facilities, embraced in the Mortgaged Property, including, without limitation, all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

Section 7.02. Mortgage to Bind and Benefit Successors and Assigns. All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Mortgagor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Mortgagee shall pass to and inure to the benefit of the successors and assigns of the Mortgagee and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be a Mortgagee. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by the Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of the Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

Section 7.03. Headings. The descriptive headings of the various articles of this Mortgage were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 7.04. Notices. All demands, notices, reports, approvals, designations, or directions required or permitted to be given hereunder shall be in writing and shall be deemed to be properly given if sent by registered or certified mail, postage prepaid, or delivered by hand, or sent by facsimile transmission, receipt confirmed, addressed to the proper party or parties at the following address:

As to the Mortgagor:

MT. WHEELER POWER, INC.
1600 - 7th Street East
P. O. Box 1110
Ely, Nevada 89301

Attention: General Manager

As to the Mortgagee:

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
Woodland Park
2201 Cooperative Way
Herndon, Virginia 22071
Fax: (703) 709-6776

Attention: Vice-President Business Development

and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being a mortgagee, at the last address designated by such person, firm, corporation, governmental body or agency to the Mortgagor and the Mortgagee. Any such party may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed, and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address given above.

Section 7.05. Severability. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof, nor shall any invalidity as to any mortgagee hereunder affect the rights hereunder of any other mortgagee.

Section 7.06 Mortgage Deemed Security Agreement. To the extent that any of the property described or referred to in this Mortgage is governed by the provisions of the Uniform Commercial Code this Mortgage is hereby deemed a "security agreement" under the Uniform Commercial Code, and a "financing statement" under the Uniform Commercial Code for said security agreement. The mailing addresses of the Mortgagor as debtor, and any mortgagee as secured party are as set forth in Section 7.04 hereof.

Section 7.07. Indemnification by Mortgagor of Mortgagee. The Mortgagor agrees to indemnify and save harmless the Mortgagee against any liability or damages which any of them may incur or sustain in the exercise and performance of their rightful powers and duties hereunder. For such reimbursement and indemnity, the Mortgagee shall be secured under this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee incurring or suffering the same with interest at the rate specified in Section 4.08 hereof.

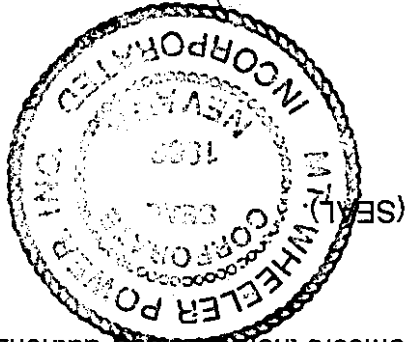
Section 7.08. Counterparts. This Mortgage may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

Section 7.09. Governing Law. The effect and meaning of this Mortgage and the rights of all parties hereunder shall be governed by and construed according to, the laws of the jurisdiction where the Mortgaged Property is located.

IN WITNESS WHEREOF, MT. WHEELER POWER, INC., the Mortgagor, has caused this Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers therunto duly authorized, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers therunto duly authorized, all as of the day and year first above written.

MT. WHEELER POWER, INC.

By: [Signature]
 Title: President



Attest: [Signature]
 Title: Secretary

Executed by the Mortgagor
 in the presence of:
[Signature]
[Signature]
 Witnesses

NATIONAL RURAL UTILITIES
 COOPERATIVE FINANCE CORPORATION

By: [Signature]
 Assistant Secretary-Treasurer

Frederick Parker

Attest: [Signature]
 Assistant Secretary - Treasurer

Lynn R. Midgette

Executed by the Mortgagee

in the presence of:

[Signature]
[Signature]
 Witnesses

CYNTHIA S. GIUDICI

Cheron R. James

Appendix A - Instruments Recital

The instruments referred to in the preceding recitals are as follows:

1. "Original Mortgage" as described in the first WHEREAS clause is:

Mortgage Type: _____
Mortgage Date: _____

Supplemental Mortgage and Security Agreement
February, 3, 1982

Supplement to the Supplemental Mortgage and Security Agreement
December 20, 1985

Supplement to the Supplemental Mortgage and Security Agreement
January 10, 1987

Supplement to the Supplemental Mortgage and Security Agreement
March 2, 1993

2. "Outstanding CFC Notes" as described in the fourth WHEREAS clause are:

Loan Designation	Loan Amount	Note Date	Maturity Date
NV 19-A-9004	\$ 319,000.00	09/13/83	02/03/17
NV 19-C-9005	\$ 789,796.00	12/20/85	12/20/20
NV 19-C-9006	\$ 1,371,429.00	03/02/93	03/02/28
NV 19-A-9008	\$10,775,651.00	as of 10/16/96	30 years from the note date
NV 19-A-9009	\$ 1,310,400.00	as of 10/16/96	11 years from the note date
NV 19-A-9010	\$ 830,600.00	as of 10/16/96	13 years from the note date
NV 19-A-9011	\$ 1,570,100.00	as of 10/16/96	14 years from the note date
NV 19-A-9012	\$ 896,300.00	as of 10/16/96	16 years from the note date

NV 19-A-9013	\$ 2,785,000.00	as of 10/16/96	20 years from the note date
NV 19-A-9014	\$ 2,593,382.87	as of 10/16/96	8 years from the note date
NV 19-A-9015	\$1,285,000.00	as of 09/09/97	15 years from the note date
NV 19-A-9016	\$1,939,786.00	as of 09/09/97	23 years from the note date
NV 19-A-9017	\$2,993,447.00	as of 09/09/97	27 years from the note date
NV 19 R-5101	\$ 4,000,000.00	as of 10/16/96	Perpetual

3. "Outstanding CFC Loan Agreements" as described in the fourth WHEREAS clause are :

<u>Loan Designation</u>	<u>Loan Agreement Date</u>
NV 19-C-9004	September 18, 1981 Amended on May 24, 1983
NV 19-C-9005	September 16, 1985
NV 19-C-9006	March 2, 1993
NV 19-A-9007	as of October 16, 1996
NV 19-A-9008	as of October 16, 1996
NV 19-R-5101	as of October 16, 1996

Appendix B

- (a) The Counties referred to in Section 2.01 are White Pine, Nye, Eureka and Elko in the State of Nevada and Juab, Millard and Tooele in the State of Utah.
- (b) The property referred to in the Granting Clause includes the following:

All of the Mortgagor's right, title and interest in, to and under that certain Participation Agreement dated October 16, 1996 by and between CFC and the Mortgagor pursuant to which the Mortgagor has purchased from CFC a 19.592093% participation interest of a certain percent of participation in certain obligations of Deseret Generation & Transmission Co-operative (Deseret) to RUS, which have been acquired by CFC pursuant to the terms of that certain Acquisition Agreement dated October 16, 1996 by and among Deseret, CFC and RUS (such participation interest being herein called the Participation interest).

SEE ATTACHED FOR DESCRIPTION
OF OTHER PROPERTY REFERRED TO
IN THE GRANTING CLAUSE



MT. WHEELER POWER, INC.

PROPERTY SCHEDULE

(a) The Existing Electric Facilities are located in the Counties of Elko, Eureka, Nye and White Pine, in the State of Nevada and in the Counties of Toiyabe, Juab and Millard, in the State of Utah. These electrical facilities located in the State of Utah are more particularly described in each County by Section, Township and Range, as shown on the attached property description.

(b) The real property owned by Mt. Wheeler Power, Inc. in the State of Nevada includes the following:

1. A certain tract of land described in Deed and Bill of Sale and Assignment dated February 18, 1970, from Ely Light & Power Company, Grantor, and Mt. Wheeler Power, Inc., grantees. Paragraph XIII. Following: Parcel A, through Parcel G, pages 6 & 7, Document No. 154467, Deed Book 320, Page 164, 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 Flanagan and Ernest A. Flanagan, as grantors, and Mt. Wheeler Power, Inc., grantee. Located in a portion of the E 1/4 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 NE 1/4, Section 24, T14N, R69E, M.D.B.&M. Document No. 17378, Book No. 356, Page 366, 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 16, T16N, R63E, M.D.B.&M. Document No. 172830, Page 313-314, Real Estate Records, recorded in the office of the County Recorder of White Pine County.

5. A certain tract of land described in a certain deed, dated June 4, 1978, by Cannon and Elinor Gardner, as grantors, and Mt. Wheeler Power, Inc., as grantee. Located in a portion of Lot 6, Section 18, T12N, R62E, M.D.B.&M. Document No. 186814, Deed Book No. 394, Page 198-200, Real Estate Records in the office of the County Recorder of White Pine County.

6. A certain tract of land described in a certain deed, dated November 2, 1978, by Richard and Marcia Forman, as grantors, and Mt. Wheeler Power, Inc., as grantee. Located in a portion of Lot 33, Block 20 of Ely City Townsite. Document No. 186055, Book No. 420, Page 224-225, Real Estate Records in the office of the County Recorder of White Pine County.

7. The following described lot, piece or parcel of land acquired by Mt. Wheeler Power, Inc., as grantee, from Ernest A. Flanagan, as grantor, and situate, lying and being in the County of White Pine, State of Nevada, surrounding the Glendale Substation on three subs as shown on Parcel Map No. 32, File No. 24562B, Book 124, Pages 541-546, filed in the White Pine County Recorder's Office, White Pine County, State of Nevada.

8. A certain tract of land described in a certain deed, dated February 22, 1983, by Ben and Taruko Hase, as grantors, and Mt. Wheeler Power, Inc., as grantee. Located in the NW 1/4, Section 32, T 16 N, R 63 E, M.D.B. & M. Document No. 223821, Book No. 81, Pages 264-266, Real Estate Records in the office of the County Recorder of White Pine County, Nevada.

9. A certain tract of land described in a certain deed, dated February 6, 1987, by Peter A. Pasco, as grantor, and Mt. Wheeler Power, Inc., as grantee. Property known as Lot 1, Block 16, all situate, lying and being in that certain tract of land commonly referred to as the Townsite of McGill, which has been subdivided in accordance with survey No. 35, the map and plat of which has been duly recorded File No. 243428, Book No. 110, Pages 383-394, in the County Recorder's Office in White Pine County, State of Nevada.

BOOK 313 PAGE 524

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10. That certain property acquired from Mr. and Mrs. Carr (by condemnation) located in the City of Ely, County of White Pine, State of Nevada, and more particularly described as lying in the S₁SE₁K, Section 16, Township 18 North, Range 63 E., M.D.B. & M.

Beginning at the Northwest Corner of the Elysium Terrace Subdivision,

Thence S. 10°50'34" E., 88.70 feet,
thence S. 12°57'53" W., 213.43 feet,
thence S. 87°58'45" E., 5.01 feet,
thence S. 58°24'26" W., 13.09 feet,
thence N. 10°50'34" W., 294.30 feet,
thence N. 58°24'26" E., 100.00 feet.

to the point of beginning and containing 14,858 square feet, more or less.

11. That certain property acquired from Sam Bucamburo and Ron Baker and Marcel Baker by Deed dated November 8, 1988 recorded at Book 140, Page 235, File No. 258,050 of Official Records, White Pine County Recorder. The property being located in the County of White Pine, State of Nevada, described as follows:

All that certain real property situated in the County of White Pine, State of Nevada, more particularly described as follows:

Beginning at the Southeast Corner of the SW₁SE₁K, Section 16, T16N, R63E,
M.D.B. & M.,

Thence S. 89°22'35" W., 303.39 feet,
thence N. 22°09'10" W., 1,046.58 feet,
thence N. 22°09'10" E., 50.00 feet,
thence S. 22°09'10" E., 668.00 feet,
thence N. 75°27'48" E., 630.77 feet,
thence N. 01°32'47" E., 200.00 feet,
thence N. 75°27'48" E., 200.00 feet,
thence S. 01°32'47" W., 780.00 feet,
thence S. 89°22'35" W., 384.85 feet

to the point of beginning, being a portion of the S₁SE₁K, Section 16, T16N,
R63E, M.D.B. & M.

EXCEPTING THEREFROM that parcel of land conveyed to Madison D. Locke and Rosalie Locke, husband and wife as joint tenants, by Deed recorded June 28, 1984, in Book 75, Page 349, Official Records, White Pine County, Nevada, more particularly described as follows:

Beginning at a point whence the Southeast Corner of the SW₁SE₁K of Section 16, T16N, R63E, M.D.B. & M. bears S46°38'03" E., 660.40 feet distant;

Thence S. 75°27'48" W., 10.09 feet,
thence N. 22°09'10" W., 648.57 feet,
thence N. 67°50'50" E., 10.00 feet,
thence S. 22°09'10" E., 647.91 feet

to the point of beginning, being a portion of the S₁SE₁K of Section 16, T16N,
R63E, M.D.B. & M.

EXCEPTING FROM that portion of said land within the SW₁SE₁K of Section 16, T16N, R63E, M.D.B. & M., all oil, gas and mineral rights as reserved by Ivan Lewis and Stephanie Lewis, husband and wife, and Bart Hanks and Grace Hanks, husband and wife, in Deed recorded August 25, 1985, in Book 276, Page 266, Real Estate Records, White Pine County, Nevada.

12. That certain property acquired from Jerry Picchini, Trustee, on August 12, 1986, located in the City of Ely, County of White Pine, State of Nevada, more particularly described as White Pine County Assessor parcel number 01-254-04.

13. All that certain real property situate in the County of Eureka, State of Nevada, more particularly described as follows:

Lots 1 through 11, inclusive, Block 50 of the Township of Eureka County, State of Nevada, filed in the Office of the County Recorder of Eureka County, State of Nevada.

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value in and under said land reserved by the United States of America, in Patent recorded December 19, 1947, in Book 23, Page 226, Deed Records, Eureka County, Nevada.

Together with all buildings and improvements thereon.



BOOK 313 PAGE 526

BOOK 313 PAGE 527

COPY

All automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) owned or used by the Mortgagor.

Appendix C -- Excepted Property

BOOK 313 PAGE 528

168687

EUREKA COUNTY NEVADA
M.N. REBALANCE REORDER
FILE NO. FEES 40.00

97 SEP 29 AM 9:36

BOOK 313 PAGE 495
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
James M. Caplan, Atty

My commission expires: 1/31/99

Carmen D. Bennett

Notary Public

(Notarial Seal)

Carmen D. Bennett

29th day of August, 1997

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this

BEFORE ME, a Notary Public, in and for the Commonwealth of Virginia,
appeared in person EBEDERICK PARKER
Assistant Secretary-Treasurer of the National Rural Utilities Cooperative Finance
Corporation, to me personally known, and known to be the identical person who
subscribed the name of said corporation to the foregoing instrument, being by me duly
sworn, and who stated that she/he is duly authorized to execute the foregoing
instrument on behalf of said corporation, and further stated and acknowledged that
she/he executed the foregoing instrument as a free and voluntary act and deed of said
corporation for the consideration therein mentioned and set forth.

COMMONWEALTH OF VIRGINIA) SS

My commission expires: 1/31/99

Jodi M. Moore
Notary Public - State of Nevada



Jodi M. Moore
Notary Public

and year last above written.

IN WITNESS whereof, I have hereunto set my hand and official seal the day

On this 9 day of September 1997 before me
appeared William Caplan and Jane Moore
personally known, by me and having been duly sworn by me, did say that they are the
President and Secretary, respectively, of Mt. Wheeler Power, Inc., a Nevada
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 its Board of Directors, and said William Caplan
and Jane Moore acknowledged that the execution of said
instrument was a free act and deed of said corporation.

STATE OF NV
COUNTY OF Washoe
)
) SS
)