

88392

COUNTERPART 49
Vol. ^m 80 Page 15421

CASCADE NATURAL GAS CORPORATION
TO
THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)
AND
J. A. PAYNE
As Trustees.

THIRTY-SIXTH
SUPPLEMENTAL INDENTURE
Dated as of August 15, 1980
TO
FIRST MORTGAGE AND DEED OF TRUST
Dated as of April 1, 1956

Making Certain Changes in the First Mortgage and Deed of Trust dated as of April 1, 1956 (as supplemented by the First Supplemental Indenture dated as of October 15, 1956, the Second Supplemental Indenture dated as of April 1, 1957, the Third Supplemental Indenture dated as of October 15, 1957, the Fourth Supplemental Indenture dated as of April 1, 1958, the Fifth Supplemental Indenture dated as of August 15, 1959, the Sixth Supplemental Indenture dated as of March 17, 1960, the Seventh Supplemental Indenture dated as of January 31, 1961, the Eighth Supplemental Indenture dated as of August 15, 1961, the Ninth Supplemental Indenture dated as of April 15, 1962, the Tenth Supplemental Indenture dated as of August 28, 1962, the Eleventh Supplemental Indenture dated as of April 15, 1963, the Twelfth Supplemental Indenture dated as of December 27, 1963, the Thirteenth Supplemental Indenture dated as of March 20, 1964, the Fourteenth Supplemental Indenture dated as of April 20, 1965, the Fifteenth Supplemental Indenture dated as of December 1, 1965, the Sixteenth Supplemental Indenture dated as of April 15, 1966, the Seventeenth Supplemental Indenture dated as of April 15, 1967, the Eighteenth Supplemental Indenture dated as of April 15, 1968, the Nineteenth Supplemental Indenture dated as of July 1, 1968, the Twentieth Supplemental Indenture dated as of April 21, 1969, the Twenty-first Supplemental Indenture dated as of June 16, 1969, the Twenty-second Supplemental Indenture dated as of March 15, 1970, the Twenty-third Supplemental Indenture dated as of

*80 AUG 15 PM 1 52

ck
136

January 1, 1971, the Twenty-fourth Supplemental Indenture dated as of January 1, 1972, the Twenty-fifth Supplemental Indenture dated as of April 15, 1973, the Twenty-sixth Supplemental Indenture dated as of June 1, 1973, the Twenty-seventh Supplemental Indenture dated as of March 1, 1974, the Twenty-eighth Supplemental Indenture dated as of January 1, 1975, the Twenty-ninth Supplemental Indenture dated as of August 1, 1975, the Thirtieth Supplemental Indenture dated as of January 1, 1976, the Thirty-first Supplemental Indenture dated as of March 1, 1977, the Thirty-second Supplemental Indenture dated as of June 15, 1977, the Thirty-third Supplemental Indenture dated as of April 1, 1978, the Thirty-fourth Supplemental Indenture dated as of April 1, 1979, and the Thirty-fifth Supplemental Indenture dated as of April 1, 1980), from Cascade Natural Gas Corporation to The Chase Manhattan Bank (now The Chase Manhattan Bank (National Association)) and Fred F. Voorhees (now J. A. Payne), as Trustees, Creating Series L Bonds under said First Mortgage and Deed of Trust, Setting Forth the Terms and Provisions of Such Series L Bonds, and Subjecting Certain Property to the Lien of Said First Mortgage and Deed of Trust.

THIRTY-SIXTH SUPPLEMENTAL INDENTURE,
dated as of August 15, 1980, between CASCADE
NATURAL GAS CORPORATION, a corporation duly
organized and existing under the laws of the
State of Washington (hereinafter sometimes
called the Company), party of the first part,
and THE CHASE MANHATTAN BANK (National Associa-
tion), a national banking association existing
under the laws of the United States of America
(formerly The Chase Manhattan Bank), and J. A.
PAYNE (as successor to FRED F. VOORHEES), as
Trustees under the First Mortgage and Deed of
Trust dated as of April 1, 1956 (hereinafter
called the Original Indenture), as amended and
supplemented by the First Supplemental Inden-
ture dated as of October 15, 1956, the Second
Supplemental Indenture dated as of April 1,
1957, the Third Supplemental Indenture dated
as of October 15, 1957, the Fourth Supplemental
Indenture dated as of April 1, 1958, the Fifth
Supplemental Indenture dated as of August 15,
1959, the Sixth Supplemental Indenture dated
as of March 17, 1960, the Seventh Supplemental
Indenture dated as of January 31, 1961, the
Eighth Supplemental Indenture dated as of
August 15, 1961, the Ninth Supplemental
Indenture dated as of April 15, 1962, the
Tenth Supplemental Indenture dated as of
August 28, 1962, the Eleventh Supplemental
Indenture dated as of April 15, 1963, the
Twelfth Supplemental Indenture dated as of
December 27, 1963, the Thirteenth Supplemental
Indenture dated as of March 20, 1964, the
Fourteenth Supplemental Indenture dated as of
April 20, 1965, the Fifteenth Supplemental
Indenture dated as of December 1, 1965, the
Sixteenth Supplemental Indenture dated as of
April 15, 1966, the Seventeenth Supplemental
Indenture dated as of April 15, 1967, the
Eighteenth Supplemental Indenture dated as of
April 15, 1968, the Nineteenth Supplemental
Indenture dated as of July 1, 1968, the
Twentieth Supplemental Indenture dated as of

April 21, 1969, the Twenty-first Supplemental Indenture dated as of June 16, 1969, the Twenty-second Supplemental Indenture dated as of March 15, 1970, the Twenty-third Supplemental Indenture dated as of January 1, 1971, the Twenty-fourth Supplemental Indenture dated as of January 1, 1972, the Twenty-fifth Supplemental Indenture dated as of April 15, 1973, the Twenty-sixth Supplemental Indenture dated as of June 1, 1973, the Twenty-seventh Supplemental Indenture dated as of March 1, 1974, the Twenty-eighth Supplemental Indenture dated as of January 1, 1975, the Twenty-ninth Supplemental Indenture dated as of August 1, 1975, the Thirtieth Supplemental Indenture dated as of January 1, 1976, the Thirty-first Supplemental Indenture dated as of March 1, 1977, the Thirty-second Supplemental Indenture dated as of June 15, 1977, the Thirty-third Supplemental Indenture dated as of April 1, 1978, the Thirty-fourth Supplemental Indenture dated as of April 1, 1979, and the Thirty-fifth Supplemental Indenture dated as of April 1, 1980, of the Company (the Original Indenture as amended and supplemented by said First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteenth, Fourteenth, Fifteenth, Sixteenth, Seventeenth, Eighteenth, Nineteenth, Twentieth, Twenty-first, Twenty-second, Twenty-third, Twenty-fourth, Twenty-fifth, Twenty-sixth, Twenty-seventh, Twenty-eighth, Twenty-ninth, Thirtieth, Thirty-first, Thirty-second, Thirty-third, Thirty-fourth and Thirty-fifth Supplemental Indentures being hereinafter sometimes called the Indenture as Heretofore Amended, and the Indenture as Heretofore Amended, as amended and supplemented by this Thirty-sixth Supplemental Indenture and as it may hereafter be supplemented, modified or amended, being hereinafter sometimes called the Indenture), parties of the second part.

WHEREAS The Chase Manhattan Bank is now The Chase

Manhattan Bank (National Association); and the continuity of the business of The Chase Manhattan Bank, including its business of acting as corporate trustee, and its corporate existence, have not been affected, so that The Chase Manhattan Bank (National Association) is vested with all the trusts, powers, discretion, immunities, privileges and all other matters as were vested in said The Chase Manhattan Bank under the Indenture, with like effect as if originally named as Trustee therein;

WHEREAS Fred F. Voorhees resigned as Individual Trustee under the Indenture and was duly succeeded by J. A. Payne as Individual Trustee effective November 17, 1966, so that J. A. Payne is vested with all the estates, properties, rights, powers, trusts, duties and obligations of said Fred F. Voorhees under the Indenture, with like effect as if originally named as Individual Trustee therein;

WHEREAS the Company has been authorized by law and has deemed it necessary to borrow money for its proper corporate purposes, to issue its bonds therefor and to mortgage and pledge its properties in order to secure the payment thereof and, to that end, in the exercise of such authority, the Board of Directors of the Company has duly authorized the execution and delivery of the Indenture as Heretofore Amended to provide for bonds to be issued thereunder from time to time in one or more series unlimited in aggregate principal amount at any one time outstanding (hereinafter called the Bonds), to secure the payment of the principal of, and the interest and premium, if any, on, the Bonds and to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and has duly authorized the creation, execution and delivery under the Indenture as Heretofore Amended of eleven series of Bonds: one designated "First Mortgage 4-7/8% (originally 4-5/8%) Twenty-year Bonds, Series A, Due April 1, 1976" (hereinafter called Series A Bonds or Bonds of Series A), limited to the aggregate principal amount of \$9,100,000 (none of which are outstanding at the date hereof); another designated "First Mortgage 4-7/8% Bonds, Series B, Due April 1, 1978" (hereinafter called Series B Bonds or Bonds of Series B), limited to the aggregate principal amount of \$643,000 (none of which are outstanding at the date hereof); another designated "First Mortgage 6%

15426

Bonds, Series C, Due October 1, 1978" (hereinafter called Series C Bonds or Bonds of Series C), limited to the aggregate principal amount of \$2,429,000 (none of which are outstanding at the date hereof); another designated "First Mortgage 5-3/4% Twenty-year Bonds, Series D, Due April 1, 1982" (hereinafter called Series D Bonds or Bonds of Series D), limited to the aggregate principal amount of \$2,500,000 (of which \$795,000 are outstanding at the date hereof); another designated "First Mortgage 5-1/8% Twenty-year Bonds, Series E, Due April 1, 1984" (hereinafter called Series E Bonds or Bonds of Series E), limited to the aggregate principal amount of \$6,000,000 (of which \$2,430,000 are outstanding at the date hereof); another designated "First Mortgage 5-1/2% Twenty-year Bonds, Series F, Due April 1, 1986" (hereinafter called Series F Bonds or Bonds of Series F), limited to the aggregate principal amount of \$12,500,000 (of which \$1,440,000 are outstanding at the date hereof); another designated "First Mortgage 7-1/2% Twenty-year Bonds, Series G, Due October 1, 1988" (hereinafter called Series G Bonds or Bonds of Series G), limited to the aggregate principal amount of \$7,000,000 (of which \$3,822,000 are outstanding at the date hereof); another designated "First Mortgage 8% Twenty-year Bonds, Series H, Due June 15, 1989" (hereinafter called Series H Bonds or Bonds of Series H), limited to the aggregate principal amount of \$5,000,000 (of which \$2,732,000 are outstanding at the date hereof); another designated "First Mortgage 8-1/2% Twenty-year Bonds, Series I, Due December 15, 1989 (originally June 15, 1993)" (hereinafter called Series I Bonds or Bonds of Series I), limited to the aggregate principal amount of \$14,000,000 (of which \$10,150,000 are outstanding at the date hereof); another designated "First Mortgage 12% Ten-year Bonds, Series J, Due August 1, 1985" (hereinafter called Series J Bonds or Bonds of Series J), limited to the aggregate principal amount of \$6,000,000 (of which \$5,550,000 are outstanding at the date hereof); and another designated "First Mortgage 9-1/2% Thirteen and one-half year Bonds, Series K, Due December 15, 1990" (hereinafter called Series K Bonds or Bonds of Series K), limited to the aggregate principal amount of \$3,000,000 (of which \$2,572,000 are outstanding at the date hereof);

WHEREAS the Company has determined, under and in accordance with the provisions of the Indenture as Heretofore Amended, to create a new series of Bonds to be designated as

15427

"First Mortgage 15-1/2% Twelve-year Bonds, Series L, Due August 15, 1992" (hereinafter called Series L Bonds or Bonds of Series L), limited to the aggregate principal amount of \$7,500,000, the further terms and provisions of which are hereinafter set forth);

WHEREAS the Company desires to effect an amendment to Granting Clause VII of the Indenture as Heretofore Amended as hereinafter set forth;

WHEREAS the Company desires by this Thirty-sixth Supplemental Indenture to set forth the description of, confirm unto the Trustees and give further assurance to the Trustees with respect to, certain properties and interests in properties described in the Granting Clauses of this Thirty-sixth Supplemental Indenture which were acquired by the Company after the date of the Indenture as Heretofore Amended and which were generally described but not specifically described in the Indenture as Heretofore Amended;

WHEREAS Article Eleven of the Indenture as Heretofore Amended provides, in substance and among other things, that the Company and the Trustees may, subject to certain conditions, enter into an indenture or indentures supplemental to the Indenture as Heretofore Amended which thereafter shall form a part of the Indenture as Heretofore Amended;

WHEREAS the Company desires by this Thirty-sixth Supplemental Indenture to amend, change and add to the provisions of the Indenture as Heretofore Amended as hereinafter set forth;

WHEREAS the Bondholders have given their consent to an amendment to Granting Clause VII of the Indenture as Heretofore Amended;

WHEREAS all acts and things prescribed by law and by the Articles of Incorporation and By-laws of the Company and by the Indenture as Heretofore Amended necessary to make this Thirty-sixth Supplemental Indenture a valid and legally binding instrument, for the purposes herein expressed, in accordance with its terms and the terms of the Indenture as Heretofore Amended, have been duly done and performed; and

WHEREAS the Trustees have full power and authority

to execute this Thirty-sixth Supplemental Indenture and to accept and execute the trust herein imposed upon them;

NOW, THEREFORE, THIS THIRTY-SIXTH SUPPLEMENTAL INDENTURE WITNESSETH that, in order to effect an amendment to Granting Clause VII of the Indenture, and as additional security for the payment of the principal of, and the interest and premium, if any, on, all the Bonds at any time issued and outstanding under the Indenture, according to their tenor, purport and effect, and as additional security for the performance and observance by the Company of all the covenants and conditions in the Indenture and in the Bonds contained, and for and in consideration of the premises and of the mutual covenants herein contained and of the acceptance or purchase of the Bonds by the holders thereof and of the sum of Ten Dollars, lawful money of the United States of America, to the Company duly paid by the Trustees at or before the ensealing and delivery of this Thirty-sixth Supplemental Indenture, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Company has executed and delivered this Thirty-sixth Supplemental Indenture and has granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, warranted and confirmed, and by these presents does grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, warrant and confirm unto The Chase Manhattan Bank (National Association) and J. A. Payne, as Trustees, their successors in trust and their assigns, forever, with power of sale, all and singular, the following additional premises, properties, interests and rights; and to such ends the Company hereby adds to and supplements, as below set forth, the Granting Clauses of the Indenture as Heretofore Amended:

GRANTING CLAUSE II

Leases and Leasehold Estates

State of Washington, County of Kitsap

LEASE BY NORTH PERRY AVENUE WATER DISTRICT, a municipal corporation, Lessor, to CASCADE NATURAL GAS CORPORATION, Lessee, of a site and location for installation of a high frequency radio transmitter, on the real property

hereafter described as follows:

That portion of the Southwest quarter of the Southeast quarter of Section 36, Township 25 North, Range 1 East, W.M., included within the limits of the following described tract of land:

Beginning at a point within said Southwest quarter of the Southeast quarter which is 30 feet North of and 30 feet East of the South quarter section of said Section 36, and running thence North 200 feet, East 200 feet, South 200 feet and thence West 200 feet to the point of beginning and having an area of 0.92 acres, according to the plat thereof on file in the office of the Commissioners of Public Lands at Olympia, Washington.

GRANTING CLAUSE V

Franchises

Ordinance No. 518, dated March 25, 1980, from the City of Redmond to the Company for a non-exclusive Franchise and right to construct, operate and maintain a natural and/or artificial gas distribution system in the City of Redmond and repealing Ordinance Number 295, dated February 23, 1960.

Ordinance No. 835, dated May 7, 1980, from the City of Prineville to the Company for a non-exclusive Franchise and right to construct, operate and maintain a natural and/or artificial gas distribution system in the City of Prineville, Oregon, and repealing Ordinance No. 523, dated June 21, 1960, and Ordinance No. 592, dated October 12, 1966.

Ordinance No. 477, dated April 28, 1980, from the City of College Place to the Company granting the right to construct, operate and maintain a natural and/or artificial gas distribution system in the City of College Place, County of Walla Walla, State of Washington, and repealing Ordinance No. 119 dated June 6, 1955.

Ordinance No. 1820, dated May 5, 1980, from the City of Anacortes, County of Skagit, State of Washington, to the Company granting the right, privilege and franchise to construct, acquire, own, operate and maintain a plant and system for the manufacture and/or distribution of gas for light, heat, power, fuel and other lawful purposes in said City and repealing Ordinance No. 806, dated October 7, 1930.

GRANTING CLAUSE XI

Other Property

Together with but not limited to (a) all the buildings, plants, dwelling structures, machinery and improvements constructed or to be constructed on the properties described in the Granting Clauses of this Thirty-sixth Supplemental Indenture or any portion thereof, and all rights, privileges, licenses, permits, immunities and easements of any kind and nature appurtenant thereto, and all and singular the tenements, hereditaments and appurtenances whatsoever belonging to said properties or any part thereof or in anywise appertaining thereto, and the reversions and remainders thereof, whether any of the same are now owned or are hereafter acquired; and (b) any and all estates, rights-of-way, easements, franchises, ordinances, privileges, immunities, commitments, consents, permits, leases, licenses and license agreements, now owned or which hereafter shall be acquired by the Company, together with all of the appurtenances, rights and appliances, connected with and/or appertaining to the properties described in the Granting Clauses of this Thirty-sixth Supplemental Indenture, which the Company now owns or in which it has any interest or which it may hereafter acquire, or any part thereof. The specific description of additional properties herein or in any supplemental indenture forming a part of the Indenture as Heretofore Amended shall not be construed or deemed in any way to amend or otherwise limit the scope of the Granting Clauses hereof or of the Indenture as Heretofore Amended.

GRANTING CLAUSE XII

Property, Interest and Rights Required
To Be Mortgaged

Any and all other property, interests and rights of every kind, real or personal or mixed, including excepted property, which the Company is required by the provisions of the Indenture from time to time to grant, bargain, sell, alien, remise, release, convey, confirm, warrant, assign, mortgage, pledge, transfer, deliver or set over to the Trustees, or either of them, or which from time to time hereafter may be granted, bargained, sold, aliened, remised, released, conveyed, confirmed, warranted, assigned, mortgaged, pledged, transferred, delivered or set over by the Company,

or by anyone in its behalf, to the Trustees, or either of them, who are hereby authorized at any and all times to receive any such property, interests and rights for the purposes hereof as and for additional security hereunder, and also (when and as hereafter provided), as substituted security, for the Bonds secured by the Indenture, and to hold or apply any and all such property, interests and rights subject to the terms of the Indenture.

TOGETHER WITH all and singular the reversions and remainders, and (subject to the rights of the Company in the Indenture set forth) the tolls, earnings, income, rents, revenues, issues and profits now or hereafter belonging or in anywise appertaining to any of the property described in or covered by the foregoing Granting Clauses (which assignment of the tolls, earnings, income, rents, revenues, issues and profits shall run with the land and be good and valid as against the Company or those claiming through or under it), and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, which the Company may now have or may hereafter acquire in and to the same and every part and parcel thereof with the appurtenances thereto.

Title to all property and interests in property, real or personal or mixed, mortgaged hereby or intended so to be, hereafter acquired by the Company or to which it may at any time hereafter be, in any manner, entitled in law or in equity, and required to be subject hereto or intended so to be by the provisions hereof, shall vest in the Trustees, under the terms and conditions of the Indenture, forthwith upon acquisition thereof by the Company and such property and interests in property shall be as fully embraced within the provisions of the Indenture and subject to the lien thereof as if such property and interests in property were now owned by the Company and were specifically described herein and conveyed hereby.

Exceptions

THERE IS, HOWEVER, EXPRESSLY EXCEPTED, RESERVED AND EXCLUDED from the lien and operation of the Indenture all property now owned or hereafter acquired by the Company described in subparagraphs (a) through (g) under the heading "Exceptions" following the Granting Clauses of the Indenture, as provided in such subparagraphs; provided, however, that (i) if, upon the occurrence of any of the Events of Default,

the Trustees or any Receiver shall have entered into possession of the Trust Estate or a substantial part thereof (other than Securities or cash deposited or pledged with the Trustees as part of the Trust Estate) all of the property then owned or thereafter acquired by the Company of the character excepted from the lien of the Indenture by subparagraphs (a) through (f) under the heading "Exceptions" following the Granting Clauses of the Indenture shall immediately, or, by subparagraph (g) under the heading "Exceptions" following the Granting Clauses of the Indenture, shall upon demand of the Trustees or such Receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustees or such Receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and (ii) whenever all Events of Default shall have been cured and the possession of the Trust Estate (other than Securities and cash forming a part thereof) shall have been restored to the Company, any property of the character described in such subparagraphs, so restored to the Company, shall again be excepted and excluded from the lien and operation of the Indenture to the extent and otherwise as set forth in the Indenture;

TO HAVE AND TO HOLD all said properties, interests and rights, of every kind, real, personal or mixed, hereby granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, warranted or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining, unto the Trustees and their successors in the trust and assigns forever;

SUBJECT, HOWEVER, to Permitted Encumbrances and, with respect to any property hereafter acquired by the Company and constituting part of the Trust Estate, but only if and to the extent permitted by the last paragraph of Section 7.04 of the Indenture, to all easements, liens, encumbrances, reservations, exceptions and other rights affecting such property at the time of acquisition thereof.

IN TRUST NEVERTHELESS, under and subject to the conditions in the Indenture set forth, for the equal and proportionate benefit and security, without priority or preference because of prior issuance or otherwise, of all holders of the Bonds or coupons now or hereafter issued under and secured by the Indenture, and for the enforcement of the payment of the principal of the Bonds, and the

premium, if any, and the interest thereon, when payable, and for the performance of and compliance with the covenants and conditions of the Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds or coupons.

PROVIDED, HOWEVER, that these presents are upon the condition that, if the Company, its successors or assigns, shall pay or cause to be paid the principal and interest payable in respect of the Bonds, together with the premium, if any, payable on the Bonds, at the times and in the manner stipulated therein and in the Indenture and shall keep, perform and observe all and singular the covenants and promises in the Bonds and the appurtenant coupons and in the Indenture expressed to be kept, performed and observed by and on the part of the Company, then this Thirty-sixth Supplemental Indenture, and the estates and rights hereby assigned, shall cease, determine and be void; otherwise they shall remain and be in full force and effect.

AND IT IS HEREBY COVENANTED AND DECLARED that all the Bonds are to be authenticated and delivered, and the Trust Estate is to be held and applied by the Trustees, subject to the covenants, conditions and trusts set forth in the Indenture as Heretofore Amended, the terms and provisions of which are hereby incorporated herein by reference, and to the further covenants, conditions and trusts herein-after set forth, and the Company for itself and its successors and assigns does hereby covenant and agree to and with the Trustees and their successor or successors in such trusts, for the benefit of all present and future holders of Bonds and coupons, or any of them, as follows:

ARTICLE ONE

SECTION 1.01. The Company represents and warrants that, as of the date of execution of this Thirty-sixth Supplemental Indenture, it has good and marketable title (free and clear of any liens other than the lien of the Indenture and Permitted Encumbrances) to all the properties and interests in properties described in the Granting Clauses hereof, and the Indenture, together with all other instruments subjecting properties to the lien of the Indenture, constitutes a direct and valid first mortgage lien on all such properties and interests in properties as provided therein, subject only to Permitted Encumbrances. The Company represents and warrants that it has and covenants that it

will continue to have, subject to the provisions of the Indenture, good right, full power and lawful authority to grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, warrant and confirm to the Trustees all property of every kind and nature described or referred to in the Granting Clauses hereof (except any properties therein described as to be hereafter acquired by the Company) which by the provisions hereof is intended to be subject to the lien of the Indenture.

ARTICLE TWO

Amendments to the Indenture as Heretofore Amended

SECTION 2.01. Pursuant to authorization in the next to last paragraph of Section 11.01 of the Indenture as Heretofore Amended and the written consent of the holders of all the outstanding Bonds heretofore filed with the Corporate Trustee, the words "for an aggregate gross price of more than \$50,000" in Granting Clause VII of the Indenture as Heretofore Amended are hereby deleted and the words "in the aggregate volume of more than 1,250,000 therms" are hereby inserted in lieu thereof.

SECTION 2.02. Pursuant to authorization in paragraph (3) of Section 11.01 of the Indenture, Section 13.01 of the Indenture is hereby amended by adding an additional paragraph (18) thereof to read as follows:

"(18) Default shall be made in the due observance or performance of any covenant, condition or agreement on the part of the Company contained in Sections 6.07, 6.08 and 6.09 of the Thirty-sixth Supplemental Indenture, dated as of August 15, 1980, to the Indenture."

ARTICLE THREE

Form, Amount and Issue of Series L Bonds

SECTION 3.01. There shall be a series of Bonds designated as "First Mortgage 15-1/2% Twelve-year Bonds, Series L, Due August 15, 1992."

The Bonds of Series L, the coupons appurtenant to coupon Bonds of such Series and the certificate of authentication of the Corporate Trustee thereon shall be substantially of the tenor and in the forms of the Bonds of Series A, the coupons appurtenant to coupon Bonds of Series A and the certificate of authentication of the Corporate Trustee set forth in the Indenture as Heretofore Amended, with appropriate insertions, omissions, substitutions and variations in the provisions with respect to, among other things, the descriptive title, the interest rate, redemption prices, sinking fund and dates of issue, maturity and interest payments in order to reflect the terms and provisions of the Bonds of Series L provided for herein.

SECTION 3.02. The Bonds of Series L shall be limited to Seven million five hundred thousand Dollars (\$7,500,000) aggregate principal amount except as provided in Section 2.07 of the Indenture; shall be dated (except as otherwise provided in Section 2.05 of the Indenture in respect of registered Bonds without coupons and except as provided in Section 2.08 of the Indenture and except that, in the case of the authentication of a registered Bond of Series L without coupons upon an original issue hereunder, such registered Bond shall be dated the date of authentication thereof) as of August 19, 1980; shall mature August 15, 1992; and shall bear interest, payable semiannually on February 15 and August 15 in each year (except that the first such interest payment on any Bond of Series L shall be payable on the February 15 or August 15 next succeeding the date of such Bond), at the rate of 15-1/2% per annum until the principal thereof shall become due and payable, and (if and to the extent permitted by law) at the rate of 16-1/2% per annum on any overdue principal and any overdue installment of interest. The Bonds of Series L shall be payable as to principal, premium, if any, and interest at the office or agency of the Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts. The Bonds of Series L shall be redeemable in whole or in part as provided in Section 4.01 hereof, and shall be entitled to the benefits of, and shall be subject to redemption by operation of, the Series L Sinking Fund provided for in Article Five hereof. The Bonds of Series L shall be issuable as coupon Bonds with the privilege of registration as to principal and as registered Bonds without coupons in denominations of \$1,000 and such other denominations as may from time to time be approved by the Company (such approval to be conclusively evidenced by the execution

thereof), the coupon Bonds and the registered Bonds without coupons and the several denominations of each being interchangeable in like aggregate principal amounts.

SECTION 3.03. Subject to the provisions of Section 4.01 of the Indenture, Bonds of Series L may from time to time be executed by the Company and delivered to the Corporate Trustee and upon Request shall, pursuant to Section 4.04 of the Indenture, be authenticated by the Corporate Trustee and delivered from time to time as specified in such Request upon delivery to the Corporate Trustee of the documents specified in Sections 4.04 and 4.05 of the Indenture.

ARTICLE FOUR

Redemption of Series L Bonds

SECTION 4.01. The Bonds of Series L shall be redeemable before maturity, at the option of the Company (or mandatorily under certain circumstances as required by Section 7.14, Section 9.08 or Section 13.07 of the Indenture), as a whole at any time or in part from time to time (but only in a multiple of \$1,000), at their principal amount, together with interest accrued on such principal amount to the date designated for redemption, plus the following premiums (expressed in percentages of the principal amount to be redeemed):

If redeemed during the one-year period ending August 15

| <u>Year</u> | <u>Percentage</u> | <u>Year</u> | <u>Percentage</u> |
|-------------|-------------------|-------------|-------------------|
| 1981 | 15.50% | 1987 | 7.05% |
| 1982 | 14.09% | 1988 | 5.64% |
| 1983 | 12.68% | 1989 | 4.23% |
| 1984 | 11.27% | 1990 | 2.82% |
| 1985 | 9.86% | 1991 | 1.41% |
| 1986 | 8.45% | | |

and without premium, if redeemed after August 15, 1991; provided, however, (i) that any redemption of Series L Bonds pursuant to this Section 4.01 shall be in a principal amount not less than \$100,000, unless such redemption shall be made out of moneys being applied to redemption pursuant to Section 7.14, Section 9.08 or Section 13.07 of the Indenture and in that case shall be in a principal amount not less than \$10,000 and (ii) that no such redemption of Series L Bonds

shall be made at the option of the Company on or prior to August 15, 1990, directly or indirectly, as a part of, or in anticipation of, any refunding operation involving either the incurring of Indebtedness by the Company, a Subsidiary or an Affiliate, which Indebtedness has an interest rate or an effective interest cost to the Company, a Subsidiary or an Affiliate (calculated in accordance with accepted financial practice) of less than 15-1/2% per annum, or the sale by or on behalf of the Company of shares of capital stock of the Company.

In the event of any redemption pursuant to this Section 4.01, the Company shall file with the Corporate Trustee an Officers' Certificate stating that such redemption complies with the requirements of this Section.

The Bonds of Series L shall also be redeemable before maturity in part (but only in a multiple of \$1,000), through the operation of the Sinking Fund for such Series created pursuant to Article Five hereof, at their principal amount (without premium) together with interest accrued on such principal amount to the date designated for redemption.

The provisions of Section 5.05 to Section 5.08, inclusive, of the Indenture shall apply to redemptions of Bonds of Series L.

ARTICLE FIVE

Sinking Fund for Series L Bonds

SECTION 5.01. (a) So long as any of the Bonds of Series L shall be Outstanding and as and for a Sinking Fund for the retirement thereof, the Company will pay to the Corporate Trustee on each of the following dates, cash in the following amount with respect to such date (subject to adjustment pursuant to subparagraph (b) of this Section 5.01):

| <u>Date</u> | <u>Payment</u> |
|-----------------|----------------|
| August 15, 1984 | \$ 500,000 |
| August 15, 1985 | 500,000 |
| August 15, 1986 | 500,000 |
| August 15, 1987 | 500,000 |
| August 15, 1988 | 500,000 |
| August 15, 1989 | 1,000,000 |
| August 15, 1990 | 1,500,000 |
| August 15, 1991 | 1,500,000 |

15438

The dates upon which such payments are to be made are herein called "Series L Sinking Fund Payment Dates" and the amount to be paid to the Corporate Trustee on a Series L Sinking Fund Payment Date is herein called a "Series L Sinking Fund Payment".

As and for an optional sinking fund (hereinafter called the "Series L Optional Sinking Fund") for the redemption of the Series L Bonds, the Company may, at its option, pay to the Trustee on any Series L Sinking Fund Payment Date, after the Series L Sinking Fund Payment applicable to such date shall have been paid, an additional amount in cash equal to the amount of such Series L Sinking Fund Payment so paid or any portion of such amount constituting an integral multiple of \$1,000; provided, however, that the aggregate amount of all Series L Optional Sinking Fund payments shall not exceed an amount equal to one-third of the aggregate principal amount of Series L Bonds originally issued. The right to make any Series L Optional Sinking Fund Payment, if not exercised by the Company on any particular Series L Sinking Fund Payment Date, shall not be cumulative.

The Company's exercise of its option to make a Series L Optional Sinking Fund Payment pursuant to the second paragraph of this Section 5.01(a) shall not reduce or otherwise affect its obligation to make any Series L Sinking Fund Payment required by the first paragraph of this Section 5.01(a), except that each such Series L Optional Sinking Fund Payment shall be applied first to the satisfaction of the payments of principal due on the then Outstanding Series L Bonds at the maturity thereof and then to the satisfaction of one or more Series L Sinking Fund Payments required by the first paragraph of this Section 5.01(a), but only in the inverse order of their due dates.

(b) Upon the filing in 1980 or in any year thereafter of each Certificate of the Company's Firm Gas Supply under subparagraph (c) of this Section 5.01 stating that the Date of Exhaustion of the Company's Firm Gas Supply (as hereinafter in subparagraph (c) defined) is earlier than August 15, 1992, then the amounts of the Series L Sinking Fund Payments shall be revised to the extent required so that the Series L Sinking Fund Payments for the next succeeding Series L Sinking Fund Payment Date and each Series L Sinking Fund Payment Date thereafter up to and including the Date of Exhaustion of the Company's Firm Gas Supply shall be an amount equal, to the nearest \$1,000, to the amount determined by dividing the aggregate principal amount of all Bonds

15439

of Series L Outstanding on the date of the filing of such Certificate by the number of Series L Sinking Fund Payment Dates from the date of filing of such Certificate up to and including the Series L Sinking Fund Payment Date on or immediately preceding the Date of Exhaustion of the Company's Firm Gas Supply; provided, however, except as hereinafter in this subparagraph (b) provided, that no such Series L Sinking Fund Payment with respect to any Series L Sinking Fund Payment Date shall in any event be decreased below the amount thereof set forth in subparagraph (a) of this Section 5.01 with respect to such Series L Sinking Fund Payment Date, and provided further, that no such revision of Series L Sinking Fund Payments shall be made pursuant to this subparagraph (b) unless the Date of Exhaustion of the Company's Firm Gas Supply shall be earlier than August 15, 1992. If the Certificate of the Company's Firm Gas Supply filed in any year after any revision pursuant to this subparagraph (b) shall have been made in the schedule of the Series L Sinking Fund Payments shall show that the Date of Exhaustion of the Company's Firm Gas Supply is not earlier than August 15, 1992, the remaining Series L Sinking Fund Payments with respect to the then remaining Series L Sinking Fund Payment Dates pursuant to this Section 5.01 shall be those specified in subparagraph (a) of this Section 5.01 with respect to such Series L Sinking Fund Payment Dates, except that each such remaining Series L Sinking Fund Payment and the unamortized principal amount of the Bonds of Series L which would have been payable at August 15, 1992, if there had been no revision of Series L Sinking Fund Payments pursuant to this subparagraph (b), shall in each case be reduced by its pro rata portion of an amount equal to the excess of (x) the total of the amounts theretofore paid by the Company in accordance with subparagraphs (a) and (b), as the case may be, of this Section 5.01 on all of the Series L Sinking Fund Payment Dates preceding the filing of the Certificate of the Company's Firm Gas Supply referred to in this sentence over (y) the total of the Series L Sinking Fund Payments specified in subparagraph (a) of this Section 5.01 up to and including the last Series L Sinking Fund Payment Date included in (x) above.

(c) The Company covenants that, so long as any Series L Bonds are Outstanding, it will file with the Corporate Trustee on or before August 15 in each year, commencing with the year 1981, a Certificate of the Company's Firm Gas Supply stating that, in the opinion of the signer or signers of such Certificate, the Date of Exhaustion of the Company's Firm Gas Supply will be a date not earlier than August 15, 1992, or will be a specified date earlier than such date.

15440

Each such Certificate shall be a Certificate of an Engineer; provided, however, that upon the request of the holders of at least $66\frac{2}{3}\%$ of the aggregate principal amount of Series L Bonds then Outstanding any such Certificate specified in such request shall be a Certificate of an Independent Engineer.

The term "Date of Exhaustion of the Company's Firm Gas Supply", as used herein, shall be determined as hereinafter provided. The Company's Sales and Use of Gas, as hereinafter defined, during the 12-month period ending on the March 31 preceding the August 15 for which the Certificate of the Company's Firm Gas Supply is filed shall first be determined. The Date of Exhaustion of the Company's Firm Gas Supply, as hereinafter defined, shall then be determined as the date on which, in the opinion of the signer or signers of such Certificate, the Company's Firm Gas Supply would be exhausted, on the assumption that the volume of gas in such Firm Gas Supply were withdrawn after the date of determination thereof at the annual rate of use equal to the Company's Sales and Use of Gas during the 12-month period ending on the March 31 preceding the filing of such Certificate; or if, at the time of filing such Certificate to the knowledge of the Company, the date of exhaustion of the gas supply of Northwest Pipeline Corporation (hereinafter called "Northwest"), whether firm or available gas supply, as shown in the most recent certificate in respect thereof theretofore filed with the trustee under any indenture of Northwest, shall be earlier than the Date of Exhaustion of the Company's Firm Gas Supply determined as above provided, such earlier date of exhaustion of the gas supply of Northwest shall be set forth in such certificate and shall be the "Date of Exhaustion of the Company's Firm Gas Supply" until a subsequent determination thereof, anything herein to the contrary notwithstanding. The date at which the Company's Firm Gas Supply shall be determined shall be a date not earlier than the April 1 next preceding the August 15 for which such Certificate is filed.

The term "Company's Sales and Use of Gas" for any period shall mean the total volume of gas sold or used by the Company during such period, including gas unaccounted for, but excluding (i) gas owned by, and transported for the account of, others, (ii) gas sold during such period constituting an amount which any Supplier, as hereinafter defined, has made available to the Company in excess of the specified amount covered by the Company's unconditional contract right to purchase from such Supplier and (iii) gas sold on an interruptible basis.

15441

The term "Company's Firm Gas Supply" for any year shall mean the total volume of Available Gas Supply, as hereinafter defined, located in any one or more of the States of the United States of America, or in any tideland or off-shore area adjacent to any such State over which the Government of such State or the Government of the United States of America asserts jurisdiction, or in Canada, which the Company has a right to produce or has an unconditional contract right to purchase pursuant to Service Contracts pledged under the Indenture and which is so located as to be economically deliverable to the Company; provided, however, that the signer or signers of any Certificate of the Company's Firm Gas Supply may assume that gas supplies to be purchased from pipeline companies or producers under Federal Energy Regulatory Commission jurisdiction will continue to be available to the extent contracted for subsequent to the expiration of the contracts related thereto if provision for such continued availability of such gas supplies is made under any applicable provisions of the Natural Gas Act or rules or regulations of the Federal Energy Regulatory Commission then in effect.

The term "Available Gas Supply" of any person for any year shall mean the minimum volume of natural gas which, by reason of the existence of proven natural gas reserves (including gas in solution or in a common reservoir with oil or distillate and to be produced with such oil or distillate in the form of casinghead gas) and the location of such reserves in relation to the pipelines of such person, and after giving due consideration to the dedication of any portion of such reserves to others than such person and to the effect of any applicable proration laws, regulations or orders, to withdrawals (for such person and others) from such reserves which may reasonably be expected, to the availability of transportation facilities and to all other pertinent factors relative to such reserves, including, without limitation, geological factors and other factors affecting deliverability, such person can, in the opinion of the signer or signers of any certificate required to be filed pursuant to an indenture relating to indebtedness of such person, reasonably expect to produce, or to purchase at economically practicable prices (whether or not such person then has a contract right to purchase such gas) and have delivered to it, and to transport to its markets to meet requirements in the future for sale to its customers.

The term "Supplier" shall mean and include (i) any pipeline company which supplies gas to the Company and either (x) is under the jurisdiction of the Federal Energy Regulatory

Commission, or (y) obtains the gas which it supplies to the Company primarily from a pipeline company which is under such jurisdiction, (ii) any pipeline company which is under such jurisdiction and from which any pipeline company supplying gas to the Company obtains all or any portion of the gas it so supplies to the Company and (iii) any producer of gas which supplies gas to the Company and is under the jurisdiction of the Federal Energy Regulatory Commission.

The signer or signers of any Certificate of the Company's Firm Gas Supply may rely, to such extent as he or they may deem appropriate in all the circumstances and provided he or they shall not have knowledge of any facts or circumstances which would render such reliance inappropriate or unfounded, on information obtained from the books and records of Northwest or of any other Supplier, upon statements made by officers of, or by engineers retained or employed by Northwest or any such other Supplier and upon any certificate filed by or on behalf of Northwest or any such other Supplier with an institutional trustee in satisfaction of a requirement of an indenture relating to indebtedness of Northwest or any such other Supplier (which shall be the latest maturing indebtedness and which shall mature not earlier than 1993), provided that such certificate shows the date of exhaustion of the firm or available gas supply of Northwest or such other Supplier (or shows that such date is not earlier than August 15, 1992). If any such Certificate filed by or on behalf of Northwest or any such other Supplier shows that the date of exhaustion of the firm or available gas supply of Northwest or such other Supplier is not earlier than the latest date on which any indebtedness of Northwest or any such other Supplier to which such indenture requirement relates will become due, the signer or signers of any Certificate of the Company's Firm Gas Supply may assume, provided he or they shall not have knowledge of any facts or circumstances which would render such assumption inappropriate or unfounded, that the date of exhaustion of the firm or available gas supply of Northwest or any such other Supplier will not be earlier than August 15, 1992.

SECTION 5.02. All moneys paid to the Corporate Trustee on any August 15 for the Series L Sinking Fund pursuant to this Article Five shall be applied by the Corporate Trustee to the redemption of Bonds of Series L on such August 15, at the principal amount thereof (without premium), together with accrued interest thereon to the date fixed for such redemption, in the manner and with the effect provided in Article Five of the Indenture.

SECTION 5.03. On or prior to the date fixed for redemption of Bonds of Series L through the Sinking Fund therefor, the Company shall pay to the Corporate Trustee (in addition to the payments provided for in this Article Five) an amount sufficient to pay accrued interest to the date fixed for redemption on the Bonds so called for redemption.

SECTION 5.04. On or before July 5 in each year in which any payment is to be made to the Corporate Trustee pursuant to any provision of this Article Five, the Company shall deliver to the Corporate Trustee an Officers' Certificate setting forth the Sinking Fund principal amount required by Section 5.01 to be paid on the next succeeding August 15 with respect to the Series L Sinking Fund (including a statement of such facts as shall show compliance with said Section). Forthwith thereafter the Corporate Trustee shall proceed to select for redemption in the manner provided in Article Five of the Indenture, a principal amount of Series L Bonds sufficient to exhaust, as near as may be, the money to be available therefor in the Series L Sinking Fund on the next ensuing August 15, and, for and on behalf of the Company, shall give notice in the name of the Company and in the manner and with the effect provided in Article Five of the Indenture of the redemption for the Series L Sinking Fund of the Bonds of Series L so selected.

ARTICLE SIX

Particular Covenants of the Company

SECTION 6.01. So long as any Bonds of Series L shall be Outstanding, in computing Current Indebtedness as defined in the Indenture as Heretofore Amended, the fixed sinking fund payments to be included therein in the case of Bonds of Series L shall be assumed to be the amount that would be required to be paid pursuant to subparagraph (b) of Section 5.01 hereof on the August 15 next succeeding the date of determination of Current Indebtedness if such amount were required to be computed pursuant to said subparagraph on the date for which the latest Certificate of the Company's Firm Gas Supply shall have been furnished preceding the date as of which Current Indebtedness is being determined and on the basis of the facts as they existed on such date for which such Certificate shall have been furnished.

SECTION 6.02. So long as any Bonds of Series L shall be Outstanding, any certificate of an Independent

Engineer filed by the Company with the Corporate Trustee shall be a certificate signed by an engineer, appraiser or other expert complying with the requirements of the definition of "Independent Engineer" in the Indenture as Heretofore Amended except that an Independent Engineer described in subdivision (b) of said definition shall be approved in writing filed with the Trustees by the holders of not less than 66-2/3% in aggregate principal amount of the Bonds of Series L then Outstanding in addition to the holders of Bonds whose approval is otherwise required.

SECTION 6.03. So long as any Bonds of Series L shall be Outstanding as provided in the definition of "Outstanding" in the Indenture as Heretofore Amended, solely for the purpose of determining whether the holders of the requisite principal amount of Bonds have concurred in any demand, request, authorization, direction, notice, consent, waiver, vote, or other action or instrument under or in respect of the Indenture or any part of the Trust Estate, including any agreement referred to in the Indenture, Bonds which are owned by the Company or any Affiliate thereof shall (except in cases where it is expressly provided that such action or instrument is required to be taken or made by the holders of all Outstanding Bonds, or all Outstanding Bonds of any series affected or by the holders of all Bonds affected) be disregarded and deemed not to be Outstanding. For the purpose of determining whether the Trustees shall be protected in relying on any such demand, request, authorization, direction, notice, consent, waiver, vote or other action or instrument, only Bonds which the Trustees know to be so owned shall be so disregarded. Bonds so owned which shall have been pledged in good faith may be regarded as Outstanding for the purpose aforesaid if the pledgee shall establish to the satisfaction of the Trustees the pledgee's right to vote such Bonds and that the pledgee is not one of the aforementioned persons. In case of a dispute as to such right, any decision by the Trustees taken upon the advice of counsel shall be full protection to them.

SECTION 6.04. So long as any Bonds of Series L shall be Outstanding, the term "Sinking Fund" as defined in the definition thereof in the Indenture as Heretofore Amended shall mean, in addition to the Sinking Funds referred to in said definition, the Sinking Fund created pursuant to Article Five hereof in respect of the Bonds of Series L, and the term "Series L Sinking Fund" shall mean such Sinking Fund created for Bonds of such Series.

SECTION 6.05. So long as any Bonds of Series L shall be Outstanding, no Bonds of any series, other than the Bonds of Series D, the Bonds of Series E, the Bonds of Series F, the Bonds of Series G, the Bonds of Series H, the Bonds of Series I, the Bonds of Series J, the Bonds of Series K and the Bonds of Series L, shall mature by their terms before August 15, 1992 (except in the case of serial maturities as hereinafter provided), or shall be entitled to the benefit of any sinking fund or have serial maturities which may together permit or require (disregarding any redemptions or retirements of such Bonds otherwise than through the operation of such sinking fund or of such serial maturities) the retirement of all of such Bonds prior to August 15, 1992, or the retirement of such Bonds more rapidly than on a pro rata basis with the Outstanding Series L Bonds during the period beginning with the date of issue of the first Bonds of such series and ending with August 15, 1992.

SECTION 6.06. The Bonds of Series L may be transferred or exchanged as provided in the Indenture, and the Company will exchange or transfer any Bond of Series L owned by the party to whom such Bond was issued upon the original issuance of Bonds of such Series during the period of five business days next preceding any interest payment date for Bonds of Series L and during the period of 10 business days next preceding the first publication or mailing of any notice of redemption of Bonds of Series L.

SECTION 6.07. So long as any of the Bonds of Series L shall be Outstanding, the Company will promptly pay all rentals, delay rentals and royalties and other indebtedness accruing under its leases, gas rights under leases and all other leases and contracts for oil and gas or drilling or production rights at any time owned by the Company, and will do all other things necessary to keep unimpaired the Company's rights thereunder, and to prevent the forfeiture thereof and will make all payments due, and will comply with all other terms, conditions and provisions on its part to be observed or performed, under the Service, Gas Sales and Construction Contracts, and except as permitted by Section 9.14 of the Indenture, the Company will not amend, supplement, terminate or cancel, and will take all action requisite on its part to prevent any amendment, supplement, termination (other than a termination in accordance with the terms thereof not resulting from any action or failure to act on the part of the Company), cancelation (or the accrual of any right thereto) or forfeiture or expiration of, any thereof, including any rights thereunder.

SECTION 6.08. So long as any Bonds of Series L shall be Outstanding, the Company will not declare any dividends (other than dividends payable in shares of capital stock of the Company) on, or make any distribution (by reduction of capital or otherwise) in respect of, any shares of any class of its capital stock or apply any of its property or assets to, or set aside any sum for, the payment, purchase, redemption or other acquisition or retirement of (otherwise than in exchange for or from the proceeds of the substantially simultaneous sale of other shares of capital stock of the Company), or permit any Subsidiary to purchase, any shares of any class of capital stock of the Company (or any interest therein), if, after giving effect to such action,

(1) the sum of the principal amount of Funded Indebtedness of the Company then outstanding and the principal amount of then outstanding Current Indebtedness of the Company incurred as a result of borrowing exceeds 70% of the Total Capitalization of the Company; or

(2) the sum of

(a) the aggregate amount declared as dividends (other than dividends paid or payable in shares of capital stock of the Company) on all shares of capital stock of all classes of the Company or distributed in respect of such shares of capital stock subsequent to December 31, 1979;

(b) the excess, if any, of the aggregate amount applied or set aside after December 31, 1979, to or for the payment, purchase, redemption or other acquisition or retirement of shares of capital stock of all classes of the Company over the aggregate of the net cash proceeds, after all expenses, of the sales or other disposition of shares of capital stock of all classes of the Company subsequent to December 31, 1979;

(c) the greater of (i) the charges for depreciation, amortization and depletion in the amount thereof actually deducted on the books of the Company and its Subsidiaries or the amount thereof required to be charged under Section 7.18 of the Indenture, whichever is larger, all subsequent to

December 31, 1979, or (ii) the aggregate principal amount of the Funded Indebtedness required to have been retired subsequent to December 31, 1979, and on and prior to the date as of which the computation in this subparagraph (2) is made under the provisions of any sinking fund, purchase fund or analogous fund relating to such Funded Indebtedness and of the requirements for the payment of principal for such period subsequent to December 31, 1979, of any Funded Indebtedness maturing serially; and

(d) all interest (other than interest during construction which has been charged and was properly chargeable to property accounts in accordance with generally accepted accounting principles) accrued by the Company and its Subsidiaries subsequent to December 31, 1979 (after eliminating all offsetting debits and credits with respect thereto between the Company and its Subsidiaries),

exceeds the Consolidated Net Income accrued subsequent to December 31, 1979, plus \$6,500,000.

Notwithstanding the foregoing, the Company may declare and pay regular quarterly dividends on its common stock for the third quarter of any calendar year at a rate not in excess of the rate at which such dividends were declared and paid for the preceding quarter and may declare and pay any dividends on its Preferred Stock or make any other distribution in respect of such Stock or purchase, redeem, acquire or retire the same at any time provided that all such dividends, distributions, purchases, redemptions, acquisitions or retirements shall be included in the computations provided in subparagraph (2) above.

The Company will not pay any dividend which it has not declared and will not declare any dividend which is payable more than 60 days after the date of declaration thereof.

SECTION 6.09. So long as any of the Bonds of Series L shall be Outstanding, the Company will not incur or otherwise become liable in respect of any Indebtedness, except:

(1) the Bonds;

(2) Funded Indebtedness, and Current Indebtedness incurred as a result of borrowing, if immediately after becoming liable in respect thereof, the aggregate amount of Funded Indebtedness of the Company (including the Bonds then Outstanding) and of its Current Indebtedness incurred as a result of borrowing shall not exceed 70% of the Total Capitalization of the Company;

(3) unsecured Current Indebtedness which shall have been incurred in the ordinary course of business and not as a result of borrowing;

(4) Indebtedness represented by unpaid dividends declared in accordance with Section 6.08 hereof;

(5) Indebtedness of the Company secured by Liens as permitted by, and within the limits as provided in, Section 7.10 of the Indenture or secured by Permitted Encumbrances;

(6) Indebtedness for taxes, assessments and governmental charges and levies and claims for labor, materials and supplies, as and to the extent permitted to remain unpaid and undischarged by subparagraph (2) of Section 7.07 of the Indenture; and

(7) Indebtedness, if any, represented by surety bonds in respect of leases, permits or other agreements (other than for the payment of money) to which the Company is a party.

SECTION 6.10. So long as any Bonds of Series L shall be Outstanding, no waiver of any provision of Article Seven of the Indenture pursuant to Section 7.15 of the Indenture shall be valid or effective unless it is given by the holders of 66-2/3% of the Bonds of Series L at the time Outstanding in addition to the holders of Bonds whose waiver is otherwise required. Any provision of this Article Six, except Section 6.07 hereof, may be waived on behalf of the holders of all Bonds of Series L then Outstanding or held in the treasury of the Company, by the written consent of the holders of not less than 66-2/3% in principal amount of the Bonds of Series L at the time Outstanding, and any act or thing which the Company may do or omit to do in accordance with such consent shall not be deemed to constitute a violation of or a Default under the Indenture, including this Supplemental Indenture. Any written consent given pursuant to

this Section 6.10 shall be binding upon all the holders of Bonds of Series L then or at any time thereafter Outstanding or held in the treasury of the Company.

SECTION 6.11. So long as any Bonds of Series L shall be Outstanding, in computing the amount of depreciation to be charged by the Company for purposes of clause (ii) of subparagraph (a) of paragraph (5) of Section 4.05 of the Indenture and subparagraph (c) of paragraph (2) of Section 7.13 of the Indenture and subparagraph (c) of paragraph (2) of Section 6.08 hereof, the charges for depreciation made by the Company for each calendar month beginning with the calendar month next succeeding the Completion Date will be not less than one-twelfth of the sum of (a) an amount equal to 3% of the gross book value of the depreciable transmission and distribution property of the Company and its Subsidiaries plus (b) an amount equal to 10% of the gross book value of the other depreciable property of the Company and its Subsidiaries at the end of the month next preceding the month for which such computation is made; provided, however, that in making such computation there shall be deducted from the gross book value of the Company's depreciable property proper allowances, determined in accordance with generally acceptable accounting principles, for estimated net salvage value and for fully depreciated property. In determining depreciable transmission and distribution property the rules and regulations of any regulatory authority having jurisdiction shall be followed or in the event that no such rules or regulations are applicable, depreciable transmission and distribution property shall be determined by certified or chartered public accountants satisfactory to the Corporate Trustee.

SECTION 6.12. So long as any Bonds of Series L shall be Outstanding, the written consent of holders of Bonds referred to in Section 9.15 of the Indenture shall not be valid or effective to authorize the Company to exercise the powers conferred upon it in Article Nine of the Indenture even though it is then in Default, unless such consent is given by the holders of 66-2/3% in principal amount of the Bonds of Series L then Outstanding in addition to the holders of Bonds whose consent is otherwise required.

SECTION 6.13. The holders of not less than 66-2/3% in principal amount of all Bonds of Series L at the time Outstanding shall have the right at any time to direct and require the Company and the Trustees to enter into one or more indentures supplemental to the Indenture in order to effec-

tuate the purpose specified in subparagraph (6) of Section 11.01 of the Indenture. Upon the written request of the holders of the requisite percentage of Bonds of Series L as aforesaid, the Company and the Trustees shall with all reasonable expedition execute such a supplemental indenture or indentures. If a Trustee shall not be willing to execute a supplemental indenture as requested, he or it shall, within 20 days after receipt of such request, resign as a Trustee hereunder.

SECTION 6.14. So long as any Bonds of Series L shall be Outstanding, no waiver of a past Default and its consequences pursuant to Section 13.12 of the Indenture shall be valid or effective unless such waiver is given by the holders of 66-2/3% in principal amount of the Bonds of Series L then Outstanding in addition to the holders of Bonds whose waiver is otherwise required.

ARTICLE SEVEN

SECTION 7.01. This Thirty-sixth Supplemental Indenture is supplemental to the Indenture as Heretofore Amended and, pursuant to Article Eleven of the Indenture as Heretofore Amended, does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes, including discharge of the Indenture as provided in Article Fifteen of the Indenture. Whenever the terms defined in Article One of the Indenture as Heretofore Amended are used in this Thirty-Sixth Supplemental Indenture, such terms shall, unless otherwise defined herein, or unless the context shall otherwise require, have the respective meanings specified in the Indenture as Heretofore Amended.

ARTICLE EIGHT

SECTION 8.01. The Trustees severally for themselves and their respective successors hereby accept the trust created by this Thirty-sixth Supplemental Indenture upon the terms and conditions set forth in the Indenture.

SECTION 8.02. The Trustees shall not be responsible in any manner whatsoever for the correctness of the recitals herein, all of which are made by the Company solely.

ARTICLE NINE

SECTION 9.01. Although this Thirty-sixth Supplemental Indenture, for convenience and for the purpose of reference, is dated as of August 15, 1980, the actual date of execution by the Company and by the Trustees is as shown by their respective acknowledgments hereto annexed.

SECTION 9.02. In case any one or more of the provisions contained in this Thirty-sixth Supplemental Indenture should be invalid, illegal or unenforceable, in any respect, the validity, legality and enforceability of the remaining provisions herein shall not in any way be affected or impaired thereby.

SECTION 9.03. This Thirty-sixth Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 9.04. By execution hereof, the Company acknowledges receipt of a full, true and complete copy of this Thirty-sixth Supplemental Indenture.

IN WITNESS WHEREOF, Cascade Natural Gas Corporation has caused this Thirty-sixth Supplemental Indenture to be signed and acknowledged by its President or its Executive Vice President or one of its Vice Presidents and its corporate seal to be hereto affixed and the same to be attested by its Secretary or one of its Assistant Secretaries; and The Chase Manhattan Bank (National Association), as Corporate Trustee under the Indenture, has caused this Thirty-sixth Supplemental Indenture to be signed and acknowledged by one of its Vice Presidents or Second Vice Presidents, and its corporate seal to be hereto affixed, and the same to be attested by one of its Assistant Secretaries or Assistant Treasurers; and J. A. Payne, as Individual Trustee under the Indenture, has duly executed and acknowledged this Thirty-sixth Supplemental Indenture.

CASCADE NATURAL GAS CORPORATION,

by 

Vice-President--Finance

30
15452

[Corporate Seal]

Attest:

Lucille Walsh
Secretary

In the presence of:

Michael A. Stonley
Elaine R. Mart

THE CHASE MANHATTAN BANK
(National Association),
Corporate Trustee,

by

William
Vice President

[Corporate Seal]

Attest:

C. J. Heindelmann
Assistant Secretary

In the presence of:

R. J. Hallen
W. C. Ray

J. A. Payne
J. A. Payne, Individual Trustee

In the presence of:

R. J. Hallen
W. C. Ray

15453

The Debtor's mailing address is:

Cascade Natural Gas Corporation
222 Fairview Avenue North
Seattle, Washington 98109

The address of the Secured Party from which security
information is obtainable is:

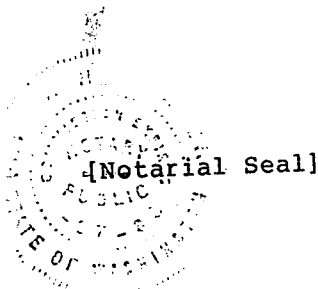
The Chase Manhattan Bank
(National Association)
One New York Plaza
New York, New York 10081

STATE OF WASHINGTON,))
) ss.:
COUNTY OF KING,)

On this *14th* day of August 1980, before me personally appeared D. E. BENNETT, to me known to be Vice-President--Finance of CASCADE NATURAL GAS CORPORATION, one of the Corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

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

Frederick V. Nelson
Notary Public

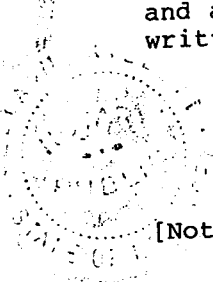


15455

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 13th day of August 1980, before me personally appeared V. J. MARINO, to me known to be a Vice President of THE CHASE MANHATTAN BANK (National Association), one of the Corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

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


Della M. Killett
Notary Public

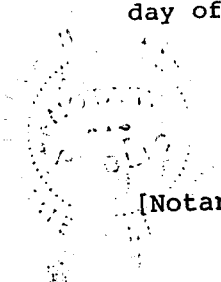
[Notarial Seal]

DELLA M. KILLETT
Notary Public, State of New York
No. 24-4659667
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1981

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day personally appeared before me J. A. PAYNE, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this day of August 1980.


Della M. Killett
Notary Public

[Notarial Seal]

DELLA M. KILLETT
Notary Public, State of New York
No. 24-4659667
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1981

15456

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 13th day of August 1980, before me,
Della M. Killett, a Notary Public in and for the State of
New York, personally appeared J. A. PAYNE, known to me to
be the person whose name is subscribed to the within
instrument, and acknowledged to me that he executed the
same.

Given under my hand and official seal the day and
year first above written.

Della M. Killett
Notary Public

DELLA M. KILLETT
Notary Public, State of New York
No. 24-4659/67
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1981



[Notarial Seal]

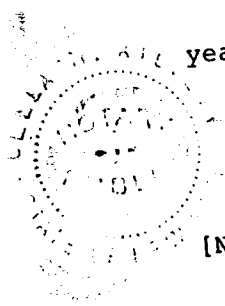
STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 13th day of August 1980, before me,
Della M. Killett, a Notary Public in and for the State of
New York, personally appeared J. A. PAYNE, known to me
to be a Vice President of THE CHASE MANHATTAN BANK (National
Association), one of the corporations that executed the
foregoing instrument, and the person who executed said
instrument on behalf of said corporation, and acknowledged
to me that such corporation executed the same.

Given under my hand and official seal the day and
year first above written.

Della M. Killett
Notary Public

DELLA M. KILLETT
Notary Public, State of New York
No. 24-4659/67
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1981



[Notarial Seal]

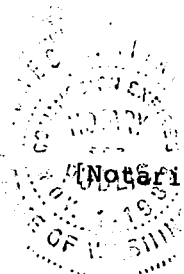
15457

STATE OF WASHINGTON,)
) ss.:
 COUNTY OF KING,)

On this 14th day of August 1980, before me,
Agnes A. Kitayama, a Notary Public in and for the State of
 Washington, personally appeared D. E. BENNETT, known to me
 to be Vice-President--Finance of CASCADE NATURAL GAS CORPORA-
 TION, one of the Corporations that executed the foregoing
 instrument, and the person who executed said instrument on
 behalf of said Corporation, and acknowledged to me that such
 Corporation executed the same.

Given under my hand and official seal the day and
 year first above written.

Agnes A. Kitayama
 Notary Public



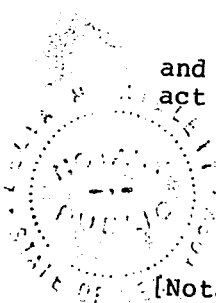
[Notarial Seal]

STATE OF NEW YORK,)
) ss.:
 COUNTY OF NEW YORK,)

13th
 August--A.D. 1980.

Personally appeared the above-named J. A. PAYNE
 and acknowledged the foregoing instrument to be his voluntary
 act and deed. Before me.

Della M. Killett
 Notary Public



[Notarial Seal]

DELLA M. KILLETT
 Notary Public, State of New York
 No. 24-4659667
 Qualified in Kings County
 Certificate Filed in New York County
 Commission Expires March 30, 1981

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

13th
August--A.D. 1980.

Personally appeared V. U. MARINO, who, being duly sworn, did say that he is a Vice President of THE CHASE MANHATTAN BANK (National Association) 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 he acknowledged said instrument to be its voluntary act and deed. Before me.

V. J. MARINO

, who,

[Notarial Seal]

DELLA M. KILLETT
Notary Public, State of New York
No. 24-4559667
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1981

STATE OF WASHINGTON,)
) ss.:
COUNTY OF KING,)

August¹⁴--A.D. 1980.

Personally appeared LUCILLE R. WALSH, who, being duly sworn, did say that she is secretary of CASCADE NATURAL GAS 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 she acknowledged said instrument to be its voluntary act and deed. Before me.

Notary Public

[Notarial Seal]

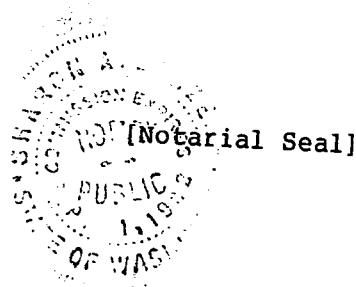
15459

STATE OF WASHINGTON,))
COUNTY OF KING,) ss.:

On this 14 day of August 1980, before me appeared D. E. BENNETT, to me personally known, who, being duly sworn, deposes and says that he is Vice-President--Finance of CASCADE NATURAL GAS CORPORATION, a Washington corporation, and that the foregoing Thirty-sixth Supplemental Indenture dated as of August 15, 1980, amending and supplementing the First Mortgage and Deed of Trust dated as of April 1, 1956, as heretofore amended and supplemented, between Cascade Natural Gas Corporation and The Chase Manhattan Bank (now The Chase Manhattan Bank (National Association), and Fred F. Voorhees (now J. A. Payne), as Trustees, has been made in good faith and without design to hinder, delay or defraud creditors.

SUBSCRIBED AND SWORN to before me this 14 day of August 1980.

Sharon A. Long
Notary Public



State of Oregon, }
County of Klamath } ss.

I hereby certify that the within instrument was received and filed for record on the 15th day of August, 19 80, at 1:52 o'clock P. M. and recorded on Page 15421 in Book M80 Records of Mortgages of said County.

WM. D. MILNE, County Clerk
By *Bernita J. Adelsch* Deputy

Fee \$136.50

Return

JONES, GREY & BAYLEY

ATTORNEYS AT LAW

14TH FLOOR NORTON BUILDING
SEATTLE, WASHINGTON 98104