

MORTGAGE RECORD 85

AUTHENTICATION AND DELIVERY OF BONDS UPON THE BASIS OF
PROPERTY ADDITIONS

Section 24. The terms hereinbelow in this Section mentioned shall, for all purposes of this Indenture, unless the context shall otherwise require, be taken to have the meanings hereinafter set forth.

A. "Property Additions" shall be taken to mean and comprise only physical property of a permanent nature (including in this term permanent physical betterments, improvements and additions of, upon and to the property of the Company, and equipment and appliances installed as a part of the fixed property of the Company), located in any one or more of the States of Missouri, Kansas and Oklahoma (and Nebraska, if but only if the Company shall have executed and delivered, in accordance with the provisions of Section 76, a supplemental indenture subjecting to the lien of this Indenture property located in the State of Nebraska), and purchased, constructed or otherwise acquired by the Company subsequent to October 24, 1939 and used or useful in the business (hereinafter referred to as the "Gas Distribution Business") of distributing or selling natural or artificial gas to consumers for domestic, commercial or industrial use, and the term "Property Additions" shall include

(1) property of the character above described acquired by the Company by merger or consolidation as well as property purchased or constructed by the Company;

(2) new plants and systems;

(3) permanent improvements, betterments and additions of the character above described in process of construction or partially completed construction work, so far as actually constructed or erected; and

(4) property of the character above described acquired to replace a unit of property whose retirement has been credited to plant account.

If the Company shall, as provided in Article Thirteen, consolidate with or merge into or convey all or substantially all of the Trust Estate as an entirety to any other corporation, and such successor corporation shall execute a supplemental Indenture of the character described in Paragraph A of Section 154, all property of the character herein described as Property Additions and owned by such successor corporation at the time of such consolidation, merger or conveyance, or acquired by it by such consolidation, merger or conveyance (excluding Bonded Property acquired from the Company), shall be deemed to be Property Additions acquired by such successor corporation at the date upon which it became such successor corporation. The term "Property Additions" shall not be deemed to include, and no Bonds shall be authenticated and delivered under this Article upon the basis of the acquisition or construction of

(5) any property acquired or constructed by the Company prior to October 25, 1939; or

(6) any property used or intended for use in the drilling for or production or manufacture of natural or artificial gas or in the transportation or transmission of natural or artificial gas up to the point of connection with any distribution system owned by the Company; or

(7) any item of property acquired to replace a similar item of property whose retirement has not been credited to plant account; or any property whose cost has been charged, or is properly chargeable, to repairs or maintenance or other operating expense account, or whose cost has not been charged, or is not properly chargeable, to plant or plant addition account; or

(8) any Excepted Property; or

(9) any plant or system in which the Company shall acquire only a leasehold interest or any betterments, extensions, improvements or additions of, upon or to any plant or system in which the Company shall own only a leasehold interest.

B. The "amount" of any Property Additions shall mean the Cost to the Company or the Fair Value at the time of determination (whichever is less) of such Property Additions. The "Cost" to the Company of Property Additions shall be taken to mean the sum of (1) the amount of cash expenditures made or agreed to be made by the Company therefor, (2) the Fair Value, at the time of installation, of all materials and supplies of the Company (not included in the preceding Clause (1)) which have been installed as a part of such Property Additions, including all salvaged or reclaimed property so installed which shall have been included in any Property Retirements then or theretofore certified to the New York Trustee in a Retirements Certificate under any provision hereof, whether or not such salvaged or reclaimed property shall upon such retirement have been transferred to materials and supplies account, (3) the Fair Value in cash (as of the date of delivery) of any securities delivered as consideration for such Property Additions, and (4) the aggregate of the amounts expended or agreed to be expended (excluding any amounts expended or to be expended in respect of interest or premium) by the Company to procure the satisfaction or discharge of any indebtedness secured by a Prior Lien upon such Property Additions outstanding or created at the time of the acquisition thereof or to cause the mortgage or other lien securing such indebtedness to become a Prepaid Lien, as defined in Paragraph D of this Section. The Cost to the Company of any new plant or system may be deemed to include the Cost to the Company of any franchisees, rights and intangible property simultaneously acquired with the same, for which no separate or distinct consideration shall have been paid or apportioned. In determining the "Fair Value" of any new plant or system, consideration shall be given only to the value, in place, of the physical property acquired. The Cost to the Company of any property, part of which constitutes Property Additions, and part does not, and all of which is required for a single consideration, shall in all cases be properly allocated in the Property Additions Certificate filed with the New York Trustee pursuant to Paragraph B of Section 25. In the case of Property Additions subject to a Prior Lien or Liens, the Fair Value of such additions shall be determined as if such additions were free of such lien or liens. In the case of Property Additions consisting of property owned by a successor corporation immediately prior to the time it shall have become such by consolidation, merger or conveyance as provided in Article Thirteen, the Cost to the Company shall be the cost thereof on the books of such successor corporation, less applicable reserves for depreciation, retirements and/or depletion immediately prior to such consolidation, merger or conveyance.

C. "Prior Lien" shall mean and include any mortgage or other lien (except Permitted Encumbrances) prior to the lien of this Indenture upon property hereafter acquired by the Company, existing on said property and/or placed thereon to secure unpaid portions of the purchase price, at the time of such acquisition. "Prior Lien Obligations" shall mean any bonds or indebtedness and/or evidences of indebtedness secured by a Prior Lien. The term "outstanding", as of any particular time when used with reference to Prior Lien Obligations, shall mean all obligations secured by a Prior Lien, except Obligations for whose payment or redemption sufficient cash shall have been irrevocably deposited in trust with the New York Trustee hereunder or with the trustee or other holder of such Prior Lien.

D. "Prepaid Lien" shall mean and include any Prior Lien in respect of which cash sufficient to pay or redeem all indebtedness secured thereby shall be held in trust for such purpose by the New York Trustee hereunder or by the trustee or other holder of such Prior Lien.

E. "Permitted Encumbrances" shall mean as of any particular time any of the following:

(1) Liens for taxes, assessments, or governmental charges for the then current year and taxes, assessments or governmental charges not then due and delinquent;

(2) Liens for taxes, assessments or governmental charges already due, but whose validity is being contested at the time by the Company in good faith as provided in Section 72;

(3) Undetermined liens and charges incidental to construction or current operation during the six months next preceding such time;

(4) Liens, securing obligations neither assumed by the Company nor on account of which it customarily pays interest, existing, either at the date hereof, or, as to property hereafter acquired,