

**TRUST INDENTURE**

BETWEEN

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

AND

ZIONS FIRST NATIONAL BANK,

AS TRUSTEE

DATED AS OF OCTOBER 1, 2002,

AS AMENDED BY

SECOND SUPPLEMENTAL TRUST INDENTURE  
DATED AS OF MARCH 1, 2003

AND BY

THIRD SUPPLEMENTAL TRUST INDENTURE  
DATED AS OF FEBRUARY 15, 2011

AND BY

FOURTH SUPPLEMENTAL TRUST INDENTURE  
DATED AS OF APRIL 1, 2012

PAYSON POWER PROJECT REVENUE BONDS

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## TRUST INDENTURE

THIS TRUST INDENTURE, dated as of October 1, 2002, by and between UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS, a political subdivision of the State of Utah ("*UAMPS*"), and ZIONS FIRST NATIONAL BANK, a national banking association duly organized and qualified under the laws of the United States to accept and administer the trusts hereby created and having its principal corporate trust office in Salt Lake City, Utah (the "*Trustee*"):

### WITNESSETH:

WHEREAS, UAMPS was organized under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "*Act*"), as a separate legal entity to accomplish the purposes of the joint and cooperative action of its members (the "*Members*") as set forth in the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated as of February 17, 1999, as amended and supplemented from time to time (the "*Organization Agreement*") and to provide a means for the Members of UAMPS to secure electric power and electric energy for their present and future needs;

WHEREAS, UAMPS has determined to undertake the acquisition and construction of a gas-fired electric generating facility located in Payson City, Utah, together with electric transmission, gas transportation and related properties, facilities, improvements and equipment (the "*Payson Power Project*") and to finance all or a portion of the cost of such acquisition and construction by the issuance of revenue bonds and notes as authorized by law;

WHEREAS, pursuant to the Act, UAMPS has entered into the ~~Payson Power Project Sales Contracts dated as of June 1, 2002 (the "*Power Sales Contracts*") with certain of its Members (collectively, the "*Participants*")~~ (as defined herein) with the Participants (as defined herein) which provide for the sale by UAMPS to each Participant of the electric energy allocable to such Participant's Entitlement Share in the capability of the Project [as amended by the Fourth Supplemental Trust Indenture];

WHEREAS, UAMPS has determined to secure such revenue bonds by a pledge of, among other things, the revenues derived from the sale of electric energy to the Participants pursuant to the Power Sales Contracts;

WHEREAS, the execution and delivery of this Trust Indenture has been in all respects duly and validly authorized and approved by the Board of Directors of UAMPS;

WHEREAS, the Trustee is willing to accept the trusts provided for in this Trust Indenture; and

WHEREAS, UAMPS and the Trustee agree as follows for the benefit of the other, for the benefit of the owners of the Bonds issued pursuant to this Trust Indenture and for the benefit of each Security Instrument Issuer;

**NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:**

**GRANTING CLAUSES**

In consideration of the terms of this Indenture and the purchase of the Bonds by their owners and in order to secure the payment of the principal and purchase price of, and the interest and any premium on, the Bonds and to secure its performance of the covenants and obligations on its part contained in this Indenture and the Bonds, UAMPS hereby grants, warrants, assigns and pledges to the Trustee and to its successors and assigns in trust forever, all right, title and interest of UAMPS in and to (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established by the Indenture (except for any Rebate Fund) including the investments, if any, thereof, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; *provided, however*, that each Series of Bonds is secured by the Debt Service Reserve Account only if and to the extent that the Supplemental Indenture providing for the issuance of such Series of Bonds specifically provides that such Series shall be secured by a Series Subaccount in the Debt Service Reserve Account established for such Series of Bonds or by a Series Subaccount previously established for another Series of Bonds;

TO HAVE AND TO HOLD all of said revenues and rights whether or not now owned or held or whether or not derived from or with respect to property now or hereafter acquired, unto the Trustee and its successors in trust forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, and such pledge and assignment and the covenants and agreements of UAMPS set forth in the Indenture shall be for the equal and proportionate benefit, security and protection of all Bondowners, without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others, except as otherwise expressly provided in or permitted by the Indenture, by reason of time of issuance, sale, delivery, maturity or expiration thereof or otherwise for any cause whatsoever;

PROVIDED HOWEVER, that if UAMPS shall well and truly pay or cause to be paid fully and promptly when due all liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event this Indenture shall become void and of no further force and effect; otherwise, the same shall remain in full force and effect upon the trusts and subject to the covenants and conditions hereinafter set forth.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that all Bonds are to be issued, authenticated and delivered, and that all the trust estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trust hereinafter set forth, and UAMPS, for itself and its successors, does hereby covenant and agree to and with the Trustee and its respective successors in said trust, for the benefit of those who shall own the Bonds, as follows:

## ARTICLE I

### DEFINITIONS, STATUTORY AUTHORITY AND EQUALITY OF BONDS

*Section 1.01. Definitions.* Unless the context otherwise requires, the terms in this Section defined shall, for all purposes of the Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

#### ACCOUNTANT'S CERTIFICATE

*"Accountant's Certificate"* means a certificate signed by an Independent Public Accountant.

#### ACCRETED AMOUNT

*"Accreted Amount"* means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

#### ACCRUED DEBT SERVICE

*"Accrued Debt Service"* means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds, calculating the Debt Service that has accrued with respect to each Series of Bonds as an amount equal to the sum of (1) the interest on the Bonds of such Series that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (2) that portion of all Principal Installments payable within the twelve (12) month period following the date of calculation for the Bonds of such Series (other than Bond Anticipation Notes) that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

#### ACT

*"Act"* means the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended.

#### ADDITIONAL BONDS

*"Additional Bonds"* means any Bonds issued for a purpose described in Section 2.03(b).

#### ADDITIONAL FACILITIES

*"Additional Facilities"* means, collectively, (1) all renewals, repairs, replacements, extensions and additions to the Initial Facilities, including capital additions, capital betterments



and capital replacements, (2) all property, real, personal or mixed, of any nature, including electric generation, substation and transmission facilities, directly and functionally related to the Initial Facilities and (3) any additional electric generating facilities located at the site of or interconnected with the Initial Facilities, and any related facilities. [As amended by the Fourth Supplemental Trust Indenture]

#### AGGREGATE DEBT SERVICE

“*Aggregate Debt Service*” means, as of any date of calculation and with respect to any period, the sum of the amounts of Debt Service for all Series of Bonds Outstanding; *provided, however,* that for purposes of calculating the Debt Service Reserve Requirement for any Series Subaccount in the Debt Service Reserve Account, Aggregate Debt Service shall be calculated only with respect to the Series of Bonds secured by such Series Subaccount.

#### ANNUAL BUDGET

“*Annual Budget*” means the annual budget for the Payson Power Project adopted by UAMPS pursuant to the Power Sales Contracts.

#### AUCTION AGENT

“*Auction Agent*” means an agent appointed by UAMPS for the purpose of determining the Auction Rate on a Series of Bonds, all as set forth in a Supplemental Indenture.

#### AUCTION RATE

“*Auction Rate*” means an interest rate determined by an Auction Agent pursuant to auction procedures set forth in a Supplemental Indenture.

#### AUTHORIZED AMOUNT

“*Authorized Amount*” means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by UAMPS to be outstanding at any one time pursuant to such Commercial Paper Program.

#### AUTHORIZED OFFICER

“*Authorized Officer*” means the Chairman of UAMPS, its Vice Chairman, its Secretary or any Assistant Secretary, its General Manager, its Manager of Finance and Accounting and any other person authorized by resolution of the Board of Directors of UAMPS to perform the act or sign the document in question.

#### AVERAGE ANNUAL DEBT SERVICE

*“Average Annual Debt Service”* means, as of any date of calculation, the total of the Aggregate Debt Service as computed for each Fiscal Year during which any Series of Bonds is Outstanding, divided by the number of such Fiscal Years.

#### BALLOON BONDS

*“Balloon Bonds”* means Bonds, other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the Principal Installments on which (a) are due or, (b) at the option of the Holder thereof may be redeemed, during any period of a Year.

#### BOND ANTICIPATION NOTES

*“Bond Anticipation Notes”* means notes issued by UAMPS pursuant to Section 2.05 in advance of the permanent financing of UAMPS for the Payson Power Project.

#### BOND FUND

*“Bond Fund”* means the Fund by that name established in Section 5.02.

#### BONDOWNER

*“Bondowner” or “Owner”*, or any similar term, means the owner of any Bond or Bonds. In the case of a fully-registered Bond, Bondowner means the registered owner of such Bond.

#### BOND PAYMENT DATE

*“Bond Payment Date”* means each date on which (1) interest on the Bonds is due and payable or (2) principal of the Bonds is payable at maturity or pursuant to Sinking Fund Installments.

#### BONDS

*“Bonds”* means bonds, notes, commercial paper or other obligations (other than Subordinated Indebtedness and Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture.

#### BROKER-DEALER

*Broker-Dealer”* means a broker-dealer appointed by UAMPS pursuant to Section 7.11 and its successors under the Indenture.

#### BUSINESS DAY

“*Business Day*” means a day of the year which is not a Saturday, Sunday or legal holiday in New York, New York, or Salt Lake City, Utah, or a day on which the Trustee is authorized or obligated to close.

#### CALENDAR YEAR

“*Calendar Year*” means the period commencing on January 1 of each year and terminating on the next succeeding December 31.

#### CAPITAL APPRECIATION BONDS

“*Capital Appreciation Bonds*” means Bonds the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (2) is scheduled to be payable upon maturity or redemption of such Bonds.

#### CODE

“*Code*” means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the Indenture, including the Bonds, the use of Bond proceeds or the Payson Power Project.

#### COMMERCIAL PAPER PROGRAM

“*Commercial Paper Program*” means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by UAMPS from time to time pursuant to Article II and are outstanding up to an Authorized Amount.

#### COMMODITY SWAP

“*Commodity Swap*” means an agreement between UAMPS and a Swap Counterparty to hedge, convert or swap of the price of electricity, gas or other commodity necessary or desirable to manage the risks associated with the ownership and operation of the Payson Power Project.

#### COMMODITY SWAP PAYMENTS

“*Commodity Swap Payments*” means as of each scheduled payment date specified in a Commodity Swap, the amount, if any, payable to the Swap Counterparty by UAMPS.

## COMMODITY SWAP RECEIPTS

“*Commodity Swap Receipts*” means as of each payment date specified in an Commodity Swap, the amount, if any, payable to UAMPS by the Swap Counterparty.

## CONSTRUCTION FUND

“*Construction Fund*” means the Fund by that name established in Section 5.02.

## COST OF CONSTRUCTION

“*Cost of Construction*” means the costs of UAMPS properly attributable to the acquisition, construction and placing in service of the Initial Facilities and any Additional Facilities and all expenses preliminary and incidental thereto incurred by UAMPS in connection therewith and in connection with the issuance of the Bonds, including all amounts payable by UAMPS pursuant to the EPC Agreement, amounts payable or reimbursable by UAMPS under the Host City Agreement in connection with the siting and construction of the Payson Power Project, and all costs and expenses incurred by UAMPS in connection with its development, negotiation and review of the Initial Facilities, the Project Agreements and any Additional Facilities, and further including but not limited to:

- (1) Payment of the costs of acquiring, constructing, improving and equipping the Initial Facilities and any Additional Facilities and necessary contingency reserves.
- (2) Payment of the initial or acceptance fee of the Trustee.
- (3) Payment to UAMPS or a Participant (or both) of any amounts, if necessary to reimburse advances and payments previously made or incurred for any item of Cost of Construction.
- (4) Costs of any insurance policies or surety bonds for the Initial Facilities and any Additional Facilities until they are placed in service.
- (5) Payment of audit fees and record maintenance expenses.
- (6) Payment of the costs of any necessary litigation and the obtaining of all necessary licenses, permits, approvals, regulatory certificates and rulings.
- (7) Payment of the costs of issuance of the Bonds including legal, accounting, engineering, consulting, financing, technical, fiscal agent and underwriting costs, fees and expenses, premiums, costs or expenses for Security Instruments and Reserve Instruments, bond discount, rating agency fees, and all other costs and expenses incurred in connection with the authorization, sale and issuance of the Bonds and preparation of the Indenture and Supplemental Indenture pursuant to which the Bonds will be issued.

(8) Payment of interest on the Bonds during the period of the acquisition, construction and placing in service of the Initial Facilities and any Additional Facilities and for such period thereafter as may be permitted by law.

(9) The amount, if any, to be deposited into the Operation and Maintenance Fund as working capital amounts pursuant to Section 2.02(a)(10).

(10) The amount, if any, to be deposited into the Debt Service Reserve Account pursuant to Section 2.02(a)(11).

(11) The amount, if any, to be deposited into the Reserve and Contingency Fund pursuant to Section 2.02(a)(12).

(12) The cost of retiring any Bond Anticipation Notes, whether at maturity or upon redemption.

(13) Legally required or permitted federal, state and local taxes and payments in lieu of taxes incurred during the acquisition and construction period of the Initial Facilities and any Additional Facilities.

(14) Payment of any other costs and expenses during the acquisition and construction period of the Initial Facilities and any Additional Facilities, including fees and expenses of the Trustee and of professional services to comply with the rebate requirements of the Code.

#### CROSSOVER DATE

*“Crossover Date”* means with respect to Crossover Refunding Bonds the date on which the principal portion of the related Crossover Refunded Bonds is scheduled to be paid or redeemed from the proceeds of such Crossover Refunding Bonds.

#### CROSSOVER REFUNDED BONDS

*“Crossover Refunded Bonds”* means Bonds refunded by Crossover Refunding Bonds.

#### CROSSOVER REFUNDING BONDS

*“Crossover Refunding Bonds”* means Refunding Bonds the proceeds of which are irrevocably deposited in escrow to secure the payment on the Crossover Date of the principal or Redemption Price of the Crossover Refunded Bonds (subject to possible use to pay the principal or Redemption Price of the Crossover Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are to be applied to pay interest on the Crossover Refunding Bonds to and including the Crossover Date.

## CURRENT INTEREST BONDS

“*Current Interest Bonds*” means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the interest payment dates provided therefor in a Supplemental Indenture.

## DEBT SERVICE

“*Debt Service*” means, for any particular Fiscal Year and for any Series of Bonds, an amount equal to the sum of

- (1) all interest (for purposes of satisfying the provisions of Section 6.10, net of any amounts deposited with the Trustee pursuant to Section 2.03(c)(2) and available to pay interest on Bonds) payable during such Fiscal Year on such Bonds Outstanding, plus
- (2) the Principal Installments payable during such Fiscal Year on such Bonds Outstanding (other than Bond Anticipation Notes), calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture;

*provided, however that:*

- (a) when calculating interest to be paid during such Fiscal Year for any Series of Variable Rate Bonds, it shall be assumed that such Series of Variable Rate Bonds will bear interest at the greater of (i) the average variable rate for the preceding twelve-month period and (ii) the Bond Buyer Revenue Bond Index plus 50 basis points at the time of calculation;
- (b) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds which are issued with an Interest Rate Swap in which UAMPS has agreed to pay a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Interest Rate Swap; provided that such effective fixed annual interest rate may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;
- (c) when calculating interest payable during such Fiscal Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which UAMPS has agreed to pay a floating amount, such Series of Bonds shall be deemed to bear interest as though they were Variable Rate Bonds at an interest rate equal to the floating payments to be made by UAMPS under the Interest Rate Swap; *provided* that such net amounts may be utilized only for a period equal to the stated term of the Interest Rate Swap;
- (d) when calculating interest payable during such Fiscal Year with respect to any Commercial Paper Program, “*Debt Service*” shall mean an amount equal to the sum

of all principal and interest payments that would be payable during such Fiscal Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at the greater of (i) the average commercial paper rate for the preceding twelve-month period and (ii) the Bond Buyer Revenue Bond Index plus 50 basis points at the time of calculation or, if *The Bond Buyer* is no longer published or no longer publishes the BMA Municipal Swap Index, at an interest rate certified by UAMPS' financial advisor, underwriter or other agent, including a Remarketing Agent, Auction Agent, or Market Agent, to be the rate of interest that obligations of the Commercial Paper Program would bear if issued on the date of computation in the Authorized Amount, with the same security, bearing interest at a variable rate and maturing over a period of 30 years beginning on the date of calculation;

(e) when calculating interest payable on Bonds that are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by UAMPS with respect to such Paired Obligations;

(f) for purposes of Sections 2.03 and 2.04, when calculating the Principal Installments payable during such Fiscal Year, there shall be treated as payable in such Fiscal Year the amount of Principal Installments which would have been payable during such Fiscal Year had the principal of each Series of Balloon Bonds Outstanding been amortized, from their date of issuance over a period of 30 years, on a level debt service basis at an interest rate equal to the rate borne by such Balloon Bonds on the date of calculation, provided (A) that if the date of calculation is within twelve months before the actual maturity of such Balloon Bonds, the full amount of principal payable at maturity shall be included in such calculation, and (B) that if there is any Security Instrument Repayment Obligation relating to such Balloon Bonds, the amount of principal to be taken into account shall be the principal component of such Security Instrument Repayment Obligation;

(g) there shall be excluded from "Debt Service" (i) interest on Crossover Refunding Bonds to the extent that Escrowed Interest is scheduled to be available to pay such interest, and (ii) principal of Crossover Refunding Bonds, in each such case coming due on or prior to the occurrence of the Crossover Date;

(h) if the calculation of the Debt Service Reserve Requirement for any Series Subaccount in the Debt Service Reserve Account in the Bond Fund takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Series of Bonds secured thereby; and

(i) for all purposes of the Indenture, principal and interest due on the first day of a Fiscal Year shall be deemed to have been payable and paid on the last day of the immediately preceding Fiscal Year.

#### DEBT SERVICE ACCOUNT

*“Debt Service Account”* means the Debt Service Account in the Bond Fund established in Section 5.02.

#### DEBT SERVICE RESERVE ACCOUNT

*“Debt Service Reserve Account”* means the Debt Service Reserve Account in the Bond Fund established in Section 5.02.

#### DEBT SERVICE RESERVE REQUIREMENT

*“Debt Service Reserve Requirement”* means, with respect to any Series Subaccount that has been established in the Debt Service Reserve Account in the Bond Fund, unless otherwise specified in a Supplemental Indenture establishing such Series Subaccount, as of any date of calculation, an amount equal to the least of: (1) the sum of ten percent of the original principal amount of each Series of Bonds secured by such Series Subaccount; (2) the Maximum Annual Debt Service on the Bonds secured by such Series Subaccount; and (3) 125% of the Average Annual Debt Service on the Bonds secured by such Series Subaccount. The Debt Service Reserve Requirement for each Series Subaccount in the Debt Service Reserve Account shall be calculated on the date of original issuance of the first Series of Bonds secured thereby and shall be recalculated on the date of original issuance of any Series of Additional Bonds secured thereby. UAMPS may, but shall be under no obligation to, recalculate the Debt Service Reserve Requirement upon the issuance of a Series of Refunding Bonds to reflect the Bonds secured by such Series Subaccount that are Outstanding after such issuance.

#### DEBT SERVICE SHARE

*“Debt Service Share”* has the meaning set forth in the Power Sales Contracts.

#### DEPOSITARY

*“Depositary”* means any bank or trust company, including the Trustee, selected by UAMPS and satisfactory to the Trustee as a depositary of moneys and securities held under the provisions of the Indenture which are not required to be held by the Trustee.

#### ENGINEER’S CERTIFICATE

*“Engineer’s Certificate”* means a certificate, opinion or letter signed by a Qualified Engineer.

#### ENTITLEMENT SHARE

*“Entitlement Share”* has the meaning set forth in the Power Sales Contracts.



#### EPC AGREEMENT

“*EPC Agreement*” means the Engineering, Procurement and Construction Agreement between UAMPS and the EPC Contractor.

#### EPC CONTRACTOR

“*EPC Contractor*” means Colorado Energy Management, LLC, and its successors and assigns.

#### ESCROWED INTEREST

“*Escrowed Interest*” means earnings on amounts irrevocably deposited in escrow in connection with the issuance of Crossover Refunding Bonds which are required to be applied to pay interest on such Crossover Refunding Bonds to and including the Crossover Date.

#### ESTIMATED COMPLETION DATE

“*Estimated Completion Date*” means the estimated date upon which the Initial Facilities or any Additional Facilities will have been substantially completed in accordance with the plans and specifications applicable thereto as that date shall be set forth in a Written Certificate of UAMPS.

#### EVENT OF DEFAULT

“*Event of Default*” has the meaning specified in Section 9.01.

#### FIDUCIARY OR FIDUCIARIES

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Paying Agents, any Transfer Agent, any Depositary, or any or all of them, as may be appropriate.

#### FINANCIAL NEWSPAPER OR JOURNAL

“*Financial Newspaper or Journal*” means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal printed in the English language and customarily published on each business day devoted to financial news and selected by the Trustee, whose decision shall be final.

#### FISCAL YEAR

“*Fiscal Year*” means the annual accounting period of UAMPS as from time to time in effect, initially a period commencing on April 1 of each Calendar Year and ending on the next succeeding March 31.

## FUEL AGREEMENT

“*Fuel Agreement*” means any agreement entered into by or on behalf of UAMPS for the acquisition or management of fuel for the operation of the Project or the transportation or storage of fuel to the Project and any associated credit or collateral agreement.

## FUND

“*Fund*” means one of the funds established pursuant to Section 5.02(a), including the Construction Fund, the Revenue Fund, the Operation and Maintenance Fund, the Bond Fund, the Subordinated Indebtedness Fund and the Stabilization Fund, together with any additional funds established by Supplemental Indenture pursuant to Section 5.02(b).

## GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

“*Generally Accepted Accounting Principles*” and all other accounting methods and terminology contained or referred to in the Indenture, means accounting principles, methods and terminology followed and construed, as nearly as practicable, in conformity with the pronouncements of the Government Accounting Standards Board and the Uniform System of Accounts for Public Utilities and Licensees (Class A and Class B) and accounting rules and regulations thereunder prescribed by the Federal Energy Regulatory Commission for privately owned power companies which are subject to its jurisdiction and engaged in business comparable to the business of UAMPS, as amended from time to time.

## GOVERNMENT OBLIGATIONS

“*Government Obligations*” means:

(1) Direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of Treasury of the United States of America, obligations unconditionally guaranteed as to principal and interest by the United States of America, and evidences of ownership interests in such direct or unconditionally guaranteed obligations;

(2) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which: (A) are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice; (B) are rated in the highest rating category of S&P and Moody's; and (C) are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in clause (1) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable notice, as appropriate; and

(3) Any other bonds, notes or obligations of the United States of America or any agency or instrumentality thereof which, if deposited with the Trustee for the purpose described in Section 11.01(b)(2), will result in a rating on the Bonds which are deemed to have been paid pursuant to Section 11.01(b) that is in the highest Rating Category of each Rating Agency that is then maintaining a rating on such Bonds.

#### HOST CITY AGREEMENT

*"Host City Agreement"* means the Host City Agreement between UAMPS and Payson City.

#### INDENTURE

*"Indenture"* means this Trust Indenture as it may be from time to time supplemented and amended in accordance with its terms.

#### INDEPENDENT PUBLIC ACCOUNTANT

*"Independent Public Accountant"* means any certified public accountant or firm of such accountants appointed and paid by UAMPS, and who, or each of whom:

- (1) is in fact independent and not under domination of UAMPS;
- (2) does not have any substantial interest, direct or indirect, with UAMPS;
- (3) is not connected with UAMPS as an officer or employee of UAMPS, but who may be regularly retained to make annual or other audits of the books of or reports to UAMPS; and
- (4) is satisfactory to the Trustee.

The Trustee shall be entitled to rely on the written statement of a certified public accountant or firm of such accountants as to his or its compliance with the terms of this definition.

#### INITIAL BONDS

*"Initial Bonds"* means the first Series of Bonds other than Bond Anticipation Notes issued hereunder.

#### INITIAL FACILITIES

*"Initial Facilities"* means the properties, facilities, improvements and equipment described on EXHIBIT I to the Power Sales Contracts and all other properties, facilities,

improvements and equipment necessary or desirable in connection with the initial acquisition, construction and placing in service of the Payson Power Project.

#### INTEREST RATE SWAP

*“Interest Rate Swap”* means an agreement between UAMPS or the Trustee and a Swap Counterparty related to all or a portion of the interest on the Bonds of one or more Series whereby a fixed or a variable rate cash flow on a notional amount is exchanged for a variable or fixed rate of return, as the case may be, on an equal notional amount.

#### INTEREST RATE SWAP PAYMENT

*“Interest Rate Swap Payment”* means as of each scheduled payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by UAMPS (or by the Trustee on behalf of UAMPS).

#### INTEREST RATE SWAP RECEIPT

*“Interest Rate Swap Receipt”* means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to UAMPS (or to the Trustee for the account of UAMPS) by the Swap Counterparty.

#### INVESTMENT SECURITIES

*“Investment Securities”* means any of the following securities, if and to the extent that the same are at the time legal for investment of UAMPS’ funds:

- (1) Government Obligations;
- (2) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer’s Investment Fund;
- (3) Money market funds rated “AAAm” or “AAAm--G” or better by S&P;
- (4) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of at least “A-1” by S&P and “P-1” by Moody’s and maturing not more than 360 days after the date of purchase;
- (5) Bonds, notes or other evidences or indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (6) Obligations of any federal agency that represent full faith and credit obligations of the United States of America;

(7) Obligations of the Resolution Funding Corporation and senior debt obligations of the Federal Home Loan Bank System;

(8) Investment agreements, subject to such limitations as may be imposed by a Supplemental Indenture; and

(9) Such other obligations as may be legal obligations for the investment of UAMPS' funds as specified in a Supplemental Indenture.

#### ISSUE DATE

*"Issue Date"* means with respect to each Series of Bonds (1) the first day of the calendar month in which such Series of Bonds is issued, or (2) any other date established as the Issue Date in a Supplemental Indenture with respect to such Series of Bonds.

#### MARKET AGENT

*"Market Agent"* means a market agent appointed by UAMPS pursuant to Section 7.11 and its successors under the Indenture.

#### MAXIMUM ANNUAL DEBT SERVICE

*"Maximum Annual Debt Service"* means the greater of (1) the Aggregate Debt Service during the current Fiscal Year or (2) the Aggregate Debt Service in any future Fiscal Year.

#### MOODY'S

*"Moody's"* means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by UAMPS, with the approval of the Trustee and each Security Instrument Issuer.

#### NET REVENUES

*"Net Revenues"* means, for any period, the Revenues during such period less the Operation and Maintenance Costs during such period.

#### O&M AGREEMENT

*"O&M Agreement"* means (1) the Operation and Maintenance Agreement between UAMPS and the O&M Contractor, and (2) any other contract entered into by UAMPS to provide for the performance of operation, maintenance and similar services with respect to the Payson Power Project.

## O&M CONTRACTOR

*“O&M Contractor”* means Colorado Energy Management LLC, and its successors and assigns.

## OPERATION AND MAINTENANCE COSTS

*“Operation and Maintenance Costs”* means all actual operation and maintenance costs related to the Payson Power Project incurred by UAMPS in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in accordance with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs the payment of which is not then immediately required.

Operation and Maintenance Costs include, but are not limited to, “Operation and Maintenance Costs” and “Wheeling Costs,” each as defined in the Power Sales Contracts and all costs, expenses, reimbursements, fees and working capital deposits payable by UAMPS under the O&M Agreement, the Host City Agreement and the other Project Agreements; water supply and utility costs and charges; rentals and other amounts payable by UAMPS under the Site Lease; fuel costs including amounts payable under any Fuel Agreement; Commodity Swap Payments; the costs of ordinary repairs, renewals, and replacements to the Payson Power Project; the costs of maintaining, protecting and defending all licenses, permits and approvals necessary for the continuing operation of the Payson Power Project; salaries and wages, employees’ health, hospitalization, pension, retirement and other expenses; fees and expenses for services, materials and supplies; costs and expenses incurred in the sale or marketing of any output of the Payson Power Project that may from time to time be surplus to the requirements of the Participants; rents, administrative and general expenses; insurance expenses; periodic costs of any Security Instruments or Reserve Instruments; costs, collateral deposits and other amounts (other than Commodity Swap Payments and Interest Rate Swap Payments) necessary to maintain any Commodity Swaps and Interest Rate Swaps; Fiduciaries’ fees and expenses; Remarketing Agents’, Auction Agent’s, Market Agent’s, Broker-Dealer’s, and other agents’ fees and expenses; legal, engineering, accounting, financing and financial advisory fees and expenses, and fees and expenses of other consulting and technical services; training of personnel; taxes; payments in lieu of taxes and other governmental charges; costs, and any other current expenses or obligations required to be paid by UAMPS under the provisions of the Project Agreements or by law, all to the extent properly allocable to the Payson Power Project.

Operation and Maintenance Costs do not include depreciation or obsolescence charges or reserves therefor; amortization of intangibles or other bookkeeping entries of a similar nature; interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of UAMPS, or costs, or charges made therefor; any Swap Termination Payments; the costs or charges for capital improvements to or retirements from the Payson Power Project which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Payson Power Project;

or such property items which are capitalized pursuant to the then existing accounting practice of UAMPS.

#### OPERATION AND MAINTENANCE FUND

*“Operation and Maintenance Fund”* means the Fund by that name established pursuant to Section 5.02.

#### OPINION OF COUNSEL

*“Opinion of Counsel”* means a written opinion of counsel selected by UAMPS and satisfactory to the Trustee. Any Opinion of Counsel may be based, insofar as it relates to factual matters or information which is in the possession of UAMPS, upon a Written Certificate of UAMPS, unless such counsel knows, or in the exercise of reasonable care should know, that such Written Certificate is erroneous.

#### ORGANIZATION AGREEMENT

*“Organization Agreement”* means the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action, dated as of February 17, 1999, as from time to time supplemented and amended in accordance with its provisions.

#### OUTSTANDING

*“Outstanding”* means, as of any date of calculation (subject to the provisions of Section 8.04), all Bonds which have been duly authenticated and delivered by the Trustee except: (1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation; (2) Bonds which are deemed to have been paid pursuant to Section 11.01(b); and (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated or delivered pursuant to Section 3.07.

#### PAIRED OBLIGATIONS

*“Paired Obligations”* shall mean any Series (or portion thereof) of Bonds designated as Paired Obligations in the Supplemental Indenture authorizing the issuance thereof, which are simultaneously issued or incurred (i) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of UAMPS for the terms of such Bonds.

#### PARTICIPANTS

*“Participants”* means the members of UAMPS that have entered into the Power Sales Contracts.

#### PAYING AGENT

*“Paying Agent”* means any bank or trust company designated as paying agent for the Bonds of any Series, and its successor or successors hereinafter appointed in the manner provided in Section 7.02 of the Indenture.

#### PAYSON POWER PROJECT

*“Payson Power Project”* means the Initial Facilities and any and all Additional Facilities.

#### POWER SALES CONTRACTS

*“Power Sales Contracts”* means the several Payson Power Project Power Sales Contracts, dated as of June 1, 2002, entered into between UAMPS and the Participants, together with all amendments and supplements thereto, and any other contracts providing additional Payson Power Project Power Sales Contracts entered into in connection with any transfers or assignments pursuant to Section 17(c) thereof, which collectively provide for the sale by UAMPS of all or a portion of the output of the Payson Power Project, as the same may be amended or supplemented in accordance with their terms and the terms of the Indenture. [As amended by the Fourth Supplemental Trust Indenture.]

#### PREPAYMENT

*“Prepayment”* has the meaning set forth in the Power Sales Contracts.

#### PREPAYMENT PARTICIPANTS

*“Prepayment Participants”* means the Participants that elect to make a Prepayment in connection with the issuance of a Series of Bonds as set forth in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

#### PRINCIPAL

*“principal”* means (1) with respect to any Capital Appreciation Bond, the Accreted Amount thereof, and (2) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity; *provided, however*, that for purposes of all consents, votes, directions, notices, approvals and other actions taken by the Bondowners under Article VIII or Article IX of the Indenture, (a) the principal of each Capital Appreciation Bond shall be deemed to be the Accreted Amount thereof as of the most recent compounding or accretion date, and (b) the principal of each Bond Anticipation Note shall be deemed to be zero.

#### PRINCIPAL INSTALLMENT

*“Principal Installment”* means, as of any date of calculation, with respect to any Series of Bonds, (1) the principal amount of Bonds of such Series due on a certain future date for which



no Sinking Fund Installments have been established, or (2) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series.

#### PROJECT ACCOUNT

*“Project Account”* means the separate account for the Initial Facilities and any separate account or accounts for the Additional Facilities established in the Construction Fund pursuant to Section 5.02(a)(1).

#### PROJECT AGREEMENTS

*“Project Agreements”* means, collectively, the Host City Agreement, the Site Lease, the EPC Agreement, the O&M Agreement, the Fuel Agreement, the Transmission and Interconnection Agreements and all other agreements entered into or assumed by UAMPS in connection with the acquisition, ownership and operation of the Payson Power Project.

#### PROJECT MANAGEMENT COMMITTEE

*“Project Management Committee”* means the committee of the Participants established pursuant to the Power Sales Contracts.

#### PRUDENT UTILITY PRACTICE

*“Prudent Utility Practice”* means, as of any particular time, any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry at such time, or which, in the exercise of reasonable judgment in light of facts known at such time, could have been expected to accomplish the desired results at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others or to be limited to the lowest-cost practice, method or act, but rather to be a spectrum of possible practices, methods and acts, having due regard for manufacturers’ warranties and the jurisdiction.

#### QUALIFIED ENGINEER

*“Qualified Engineer”* means any registered or licensed engineer or firm of such engineers generally recognized to be well qualified in engineering matters relating to electric generating and transmission facilities, who shall be one of the following:

- (1) an engineer (however designated) employed by UAMPS; or
- (2) an engineer that (a) is in fact independent and not under the domination of UAMPS, any of the Participants or any other member of UAMPS; (b) does not have any substantial interest, direct or indirect, with UAMPS, any of the Participants or any other member of UAMPS; and (c) is not connected with UAMPS, any of the Participants or

any other member of UAMPS as an officer or employee of UAMPS but who may be regularly retained to make annual or other periodic reports to UAMPS, any of the Participants or any other member of UAMPS.

#### RATING AGENCY

*“Rating Agency”* means Moody’s or S&P or any other rating agency so designated in a Supplemental Indenture.

#### RATING CATEGORY

*“Rating Category”* means one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

#### REBATE FUND

*“Rebate Fund”* means any fund established with respect to a Series of Bonds for the purpose of facilitating compliance with Section 148 of the Code.

#### RECORD DATE

*“Record Date”* means, with respect to any interest payment date for any Series of Bonds, the date specified as the Record Date in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

#### REDEMPTION PRICE

*“Redemption Price”* means, with respect to any Bond, the principal thereof plus the applicable premium, if any, payable upon redemption thereof.

#### REFUNDING BONDS

*“Refunding Bonds”* means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 2.04, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

#### REMARKETING AGENT

*“Remarketing Agent”* means a remarketing agent appointed by UAMPS pursuant to Section 7.09 and its successors under the Indenture.

## REPAYMENT OBLIGATIONS

*“Repayment Obligations”* means the amounts payable by UAMPS to reimburse or repay the issuer of a Security Instrument or a Reserve Instrument for amounts paid or advanced thereunder.

## RESERVE AND CONTINGENCY FUND

*“Reserve and Contingency Fund”* means the fund by that name established and held by UAMPS pursuant to Section 18 of the Power Sales Contracts.

## RESERVE INSTRUMENT

*“Reserve Instrument”* means a letter of credit, surety bond or similar instrument issued by a bank, insurance company or other financial institution, in any case rated “Aaa” by Moody’s or “AAA” by S&P, in order to satisfy all or any portion of the Debt Service Reserve Requirement for any Series Subaccount.

## REVENUE FUND

*“Revenue Fund”* means the Fund by that name established pursuant to Section 5.02.

## REVENUES

*“Revenues”* means all revenues, fees, income, charges, rents and receipts derived by UAMPS from or attributable to the Payson Power Project and the Power Sales Contracts and any other sale of the output, capacity or services of the Payson Power Project, including the proceeds of any insurance covering business interruption loss, all as determined in accordance with Generally Accepted Accounting Principles. “Revenues” also includes any Commodity Swap Receipts, Interest Rate Swap Receipts, Swap Termination Payments received by UAMPS and all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund. Revenues shall not include: (1) insurance proceeds resulting from casualty damage to the Payson Power Project (other than insurance proceeds deposited into a special account in the Bond Fund for the redemption of Bonds); (2) the proceeds from the sale of the Bonds; or (3) moneys received under any Security Instrument or Reserve Instrument.

## S&P

*“S&P”* means Standard & Poor’s Credit Market Services, a division of The McGraw-Hill Companies Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by UAMPS, with the approval of the Trustee and each Security Instrument Issuer.

## SECURITY INSTRUMENT

“*Security Instrument*” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other credit enhancement or liquidity devices.

## SECURITY INSTRUMENT ISSUER

“*Security Instrument Issuer*” means a bank, insurance company, financial guarantor or other financial institution that issues a Security Instrument for one or more Series of Bonds.

## SERIES

“*Series*” means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

## SERIES SUBACCOUNT

“*Series Subaccount*” means, as applicable (1) each separate subaccount created for one or more Series of Bonds or for one or more Interest Rate Swaps in the Debt Service Account pursuant to Section 5.06, or (2) each separate subaccount in the Debt Service Reserve Account created pursuant to Section 5.07.

## SINKING FUND INSTALLMENT

“*Sinking Fund Installment*” means an amount so designated for a Series of Bonds pursuant to Section 2.02(a)(8).

## STABILIZATION FUND

“*Stabilization Fund*” means the Fund by that name established pursuant to Section 5.02.

## SUBORDINATED INDEBTEDNESS

“*Subordinated Indebtedness*” means any bond, note or other evidence of indebtedness which is expressly made subordinate and junior in right of payment to the Bonds and which complies with the provisions of Section 2.08. Subordinated Indebtedness shall not be, nor shall be deemed to be, Bonds for purposes of the Indenture, except as may be expressly provided by Supplemental Indenture.

#### SUBORDINATED INDEBTEDNESS FUND

*“Subordinated Indebtedness Fund”* means the Fund by that name established pursuant to Section 5.02.

#### SUPPLEMENTAL INDENTURE

*“Supplemental Indenture”* means any indenture supplementing or amending the Indenture entered into in accordance with the terms of the Indenture.

#### SWAP AGREEMENT

*“Swap Agreement”* means an Interest Rate Swap or a Commodity Swap.

#### SWAP COUNTERPARTY

*“Swap Counterparty”* means (1) with respect to any Interest Rate Swap, a member of the International Swap Dealers Association (ISDA) rated in one of the three top Rating Categories by at least one Rating Agency and (2) with respect to any Commodity Swap, a member of ISDA rated in one of the four top Rating Categories by at least one Rating Agency, provided that if such Swap Counterparty is not rated in one of the top three Rating Categories, UAMPS shall require such Swap Counterparty to agree to such collateral and security arrangements as UAMPS shall determine to be necessary to protect its interests.

#### SWAP TERMINATION PAYMENT

*“Swap Termination Payment”* means the amount, if any, payable by UAMPS (or by the Trustee for the account of UAMPS) or by the Swap Counterparty as a result of the termination of any Swap Agreement.

#### TRANSFER AGENT

*“Transfer Agent”* means, as the agent of UAMPS, the Trustee and each and every additional agent appointed as the agent of UAMPS pursuant to Section 7.10 for the transfer and authentication of Bonds.

#### TRANSMISSION AND INTERCONNECTION AGREEMENTS

*“Transmission and Interconnection Agreements”* means, collectively, (1) Transmission Service and Operating Agreement dated May 7, 1992 between UAMPS and PacifiCorp, (2) the various Interconnection Agreements between UAMPS and Southern Utah Valley Power Systems, Payson City, Strawberry Water Users Association and PacifiCorp, (3) any other contractual or legal arrangement for the interconnection of the Payson Power Project to the transmission facilities of another utility or entity and (4) any other contractual or legal arrangement with another utility, system transmission system operator, regional transmission

organization or other public or private entity providing for the transmission of the output of the Payson Power Project.

#### TRUSTEE

“*Trustee*” means Zions First National Bank, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided herein.

#### UAMPS

“*UAMPS*” means Utah Associated Municipal Power Systems, a political subdivision of the State of Utah organized and existing under the Act.

#### VARIABLE RATE BONDS

“*Variable Rate Bonds*” means Bonds that bear interest at other than fixed rates to maturity.

#### WHEELING COSTS

“*Wheeling Costs*” means all costs and expenses paid, payable, incurred or accrued by UAMPS for the transmission of electric energy from the Payson Power Project to the Participants as contemplated in the Power Sales Contracts. Wheeling Costs include, without limitation, all amounts payable by UAMPS for transmission service pursuant to the Transmission and Interconnection Agreements and allocable to the Payson Power Project and all items of Wheeling Costs as defined in the Power Sales Contracts.

#### WRITTEN CERTIFICATE OF UAMPS, WRITTEN REQUEST OF UAMPS, WRITTEN STATEMENT OF UAMPS

“*Written Certificate of UAMPS*”, “*Written Request of UAMPS*” and “*Written Statement of UAMPS*” means an instrument in writing signed on behalf of UAMPS by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or certificate of counsel, consultants, accountants or engineers, unless the Authorized Officer signing such Written Certificate or Request or Statement knows, or in the exercise of reasonable care should know, that the opinion or certificate with respect to the matters upon which such Written Certificate or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, consultant, accountant or engineer, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different Authorized Officers, counsel, consultants, accountants or engineers may certify to different facts, respectively. Every Written Certificate or

Request or Statement of UAMPS, and every certificate or opinion of counsel, consultants, accountants or engineers provided for herein shall include:

- (1) a statement that the person making such certificate, request, statement or opinion has read the pertinent provisions of the Indenture to which such certificate, request, statement or opinion relates;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, request, statement or opinion is based;
- (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and
- (4) with respect to any statement relating to compliance with any provision hereof, a statement whether or not, in the opinion of such person, such provision has been complied with.

YEAR

“Year” means any period of twelve consecutive months.

*Section 1.02. Article and Section Headings.* All references herein to “Articles”, “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of the Indenture, and the words “hereby,” “herein”, “hereof,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

*Section 1.03. Rules of Construction.* Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, trusts, corporations or governments or agencies or political subdivisions thereof. The term “include” and its derivations are not limiting.

References to Articles and Sections are references to the Articles and Sections of this Indenture.

*Section 1.04. Authority for the Indenture.* The execution and delivery of the Indenture by UAMPS has been duly authorized pursuant to the provisions of the Act.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

*Section 2.01. Authorization of Bonds.* (a) Bonds in one or more Series are hereby authorized to be issued by UAMPS under the Indenture pursuant to one or more Supplemental Indentures. The principal amount of the Bonds which may be issued is not limited.

(b) The Bonds shall be designated as “Payson Power Project Revenue Bonds” (or “*Payson Power Project Revenue Notes*”, as appropriate) and each Series of Bonds may include any additional designation determined by UAMPS to be desirable. The designation of each Bond shall include the Series to which it belongs.

(c) Each Bond shall recite in substance that it, including the interest thereon, is a special obligation of UAMPS and is payable solely from the Revenues and the Funds pledged for the payment thereof and that it does not constitute a debt of UAMPS within the meaning of any constitutional or statutory limitations or provisions. The Bonds are not obligations of the State of Utah, the Participants or any other member of UAMPS, or any other political subdivision of the State of Utah (other than UAMPS) and neither the faith and credit nor the taxing or appropriation power of the State of Utah or any political subdivision thereof is pledged to the payment of the Bonds.

*Section 2.02. General Provisions for the Issuance of Bonds.* (a) Whenever UAMPS shall determine to issue any Series of Bonds, UAMPS shall enter into a Supplemental Indenture with the Trustee which shall specify the following:

(1) The purpose for which such Series of Bonds is to be issued, which shall be for a purpose set forth in Section 2.03, Section 2.04 or Section 2.05, or a combination of such purposes;

(2) The authorized principal amount and Series designation of such Series of Bonds;

(3) The Issue Date and the maturity date or dates of the Bonds of such Series;

(4) The interest rate or rates (including a zero interest rate) of the Bonds of such Series, or the manner of determining such rate or rates, *provided* that the Supplemental Indenture shall specify the maximum rate that the Bonds of such Series may bear if such Bonds are Variable Rate Bonds, and the interest payment dates of the Bonds of such Series;

(5) The authorized denominations of the Bonds of such Series;

(6) Any Paying Agents and the places of payment of the principal and Redemption Prices, if any, of, and interest on, the Bonds of such Series, and, if other than



the Trustee, any Transfer Agents and the places where Bonds may be registered for transfer or exchange;

(7) The Redemption Prices, if any, and subject to Article IV, the redemption terms, if any, for the Bonds of such Series;

(8) The amount and due date of each Sinking Fund Installment, if any, for the Bonds of such Series;

(9) The Record Date for the Bonds of such Series;

(10) The amount, if any, to be deposited as working capital amounts from the proceeds of such Series of Bonds, Prepayments or any other legally available source into the Operation and Maintenance Fund;

(11) Whether a Series Subaccount is to be established in the Debt Service Reserve Account for such Series of Bonds and, if such is the case, the Debt Service Reserve Requirement for such Subaccount and the amount, if any, to be deposited from the proceeds of such Series of Bonds into such Series Subaccount;

(12) The amount, if any, to be deposited into the Reserve and Contingency Fund from the proceeds of such Series of Bonds, Prepayments or any other legally available source;

(13) The amount, if any, to be deposited into the Construction Fund from (A) the proceeds of such Series of Bonds, (B) the Prepayments made by the Prepayment Participants and (C) any other legally available source;

(14) The amount, if any, to be deposited into the Construction Fund or the Debt Service Account as capitalized interest on such Series of Bonds;

(15) The forms of the Bonds of such Series; and

(16) Any further covenants by UAMPS required in connection with any Security Instrument or Reserve Instrument or by the purchaser of Bonds and deemed necessary or desirable by UAMPS in connection with the sale of such Series of Bonds.

(b) The Bonds of any Series shall be executed by UAMPS for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to UAMPS upon the Written Request of UAMPS but only upon receipt by the Trustee of the following documents or moneys or securities, all of such documents dated or certified, as the case may be, as of the date of such delivery by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

(1) An executed copy of the Supplemental Indenture authorizing the issuance of the Bonds of such Series;

(2) A Written Request of UAMPS as to the delivery of the Bonds of such Series;

(3) An Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that: (A) UAMPS has the power under the Act, as amended to the date of such Opinion, to issue the Bonds of such Series and the Indenture constitutes a legal, valid and binding instrument of UAMPS enforceable in accordance with its terms and no other authorization for the execution and delivery of the Indenture by UAMPS is required; (B) the Indenture creates the valid pledge which it purports to create of the Revenues, Funds, moneys, securities and funds held or set aside under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; (C) the Bonds of such Series are valid and binding special obligations of UAMPS, enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act, as amended to the date of such Opinion; and (D) the Bonds of such Series have been duly and validly authorized and issued in accordance with the Act and the Indenture; *provided* that such Opinion of Counsel may contain limitations as to enforcement by bankruptcy or similar laws, equity principles, sovereign police powers, and federal powers;

(4) A Written Certificate of UAMPS setting forth (A) the Debt Service for each Fiscal Year of the Bonds of such Series and (B) the Aggregate Debt Service for all Series of Bonds, including such Series of Bonds being issued, for each Fiscal Year, *provided, however*, that the requirement of this Section 2.02(b)(4) shall not apply with respect to the Initial Bonds;

(5) Executed or certified copies of all Power Sales Contracts (which may be a composite copy), including a schedule setting forth the Entitlement Share and Debt Service Share of each Participant as of the date of issuance of such Series of Bonds;

(6) The amounts, if any, for deposit into the Construction Fund, the Revenue Fund, the Operation and Maintenance Fund, and the Debt Service Account and the Debt Service Reserve Account in the Bond Fund; and

(7) Such further documents, moneys and securities as are required by the provisions of Section 2.03, Section 2.04 or Section 2.05, or of any Supplemental Indenture.

(c) UAMPS may authorize by Supplemental Indenture the delivery to the Trustee of one or more Security Instruments or one or more Reserve Instruments with respect to any Series of Bonds and the execution and delivery of any agreements deemed necessary in connection therewith.

(d) UAMPS may authorize by Supplemental Indenture the issuance of Bonds that are subject to tender by the Owners thereof from time to time; *provided* that such Supplemental Indenture may provide that any obligation of UAMPS to pay the purchase price of any Bonds

tendered for purchase shall be secured by a Security Instrument or shall constitute an item of Subordinated Indebtedness. UAMPS may provide for the appointment of such Remarketing Agents, Auction Agents, Market Agents, Broker-Dealers, indexing agents or other agents as UAMPS may determine.

(e) After the original issuance of the Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III, Section 4.04 or Section 8.06.

*Section 2.03. Special Provisions for the Issuance of Initial Bonds and Additional Bonds.* (a) The Initial Bonds shall be issued only upon a determination by UAMPS that they are being issued in a principal amount sufficient, together with the amount of any Prepayments made by the Prepayment Participants, to provide for:

(1) the full payment of the estimated Cost of Construction of the Initial Facilities, including all fees and incentives that are reasonably expected to be payable to the EPC Contractor under the EPC Agreement,

(2) the full payment of the principal or Redemption Price of and interest on all Bond Anticipation Notes then outstanding, and

(3) the deposit, payment or application of the proceeds of such Bonds to any other item of the Cost of Construction of the Initial Facilities.

The portion of the proceeds of the Initial Bonds described in (2) shall be deposited into a separate and segregated subaccount in the Bond Fund held by the Trustee and shall be used solely for the payment of the principal or Redemption Price of and interest on the Bond Anticipation Notes then outstanding.

(b) One or more Series of Additional Bonds may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by UAMPS for the purpose of paying or providing for the payment of all or a portion of (1) any unpaid items of the Cost of Construction of the Initial Facilities, the Cost of Construction of Additional Facilities and any other item included within the “Cost of the Project” under (and as defined in) the Power Sales Contracts, (2) Operation and Maintenance Costs, working capital reserves therefor and any other items within the definition of “Cost of Construction,” (3) principal, Redemption Price and interest on Bond Anticipation Notes or (4) any combination of (1), (2) and (3). Each such Series shall be in such principal amount which, when taken together with funds previously used, funds then legally available, or funds to be obtained in the future for such Additional Facilities, will provide UAMPS with sufficient funds to pay the estimated Cost of Construction of such Additional Facilities, as shall be set forth in the Written Certificate of UAMPS furnished pursuant to Section 2.03(d).

(c) Each Supplemental Indenture authorizing the issuance of a Series of Additional Bonds:

(1) Shall specify the items of the Cost of Construction and any Additional Facilities for which the proceeds of such Series of Additional Bonds will be applied; and

(2) May require UAMPS to deposit a specified amount of money from the proceeds of the sale of such Series of Additional Bonds or from other legally available sources into the applicable Project Account sufficient to pay when due all or a portion of the interest on such Series of Additional Bonds accrued and to accrue to the Estimated Completion Date set forth in the Written Certificate of UAMPS delivered pursuant to Section 2.03(d), plus interest to accrue on such Series of Additional Bonds after the Estimated Completion Date for up to one Year (or such different period as may then be permitted by law).

(d) Each Series of Additional Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of a Written Certificate of UAMPS, dated as of the date of such delivery, that contains the following:

(1) The then Estimated Completion Date and the then estimated Cost of Construction of the remaining Initial Facilities or the Additional Facilities being financed by such Series of Bonds, as and to the extent applicable;

(2) A statement that, upon the authentication and delivery of the Bonds of such Series, no Event of Default has occurred and is then continuing under the Indenture and no event has or will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; and

(3) A statement that the issuance of such Series of Bonds complies with the requirements of the Indenture and the Power Sales Contracts.

(e) The proceeds, including accrued interest, of each Series of Additional Bonds shall be deposited simultaneously with the delivery of such Bonds in the Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other Funds or such other funds or accounts as may be established by the Supplemental Indenture, in such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds.

(f) There may also be deposited from any legally available source, to the extent permitted by law and the provisions of the Indenture, in the Funds or such other funds or accounts as may be established by the Supplemental Indenture, such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds.

(g) UAMPS may enter into one or more loan agreements, lines of credit or similar facilities in order to fund the Costs of Construction or the Operation and Maintenance Costs of the Payson Power Project. The repayment obligations of UAMPS under any such loan agreement, line of credit or similar facility shall be evidenced by a Bond or Bonds issued

hereunder to the financial institution providing the loan agreement, line of credit or similar facility.

*Section 2.04. Special Provisions for the Issuance of Refunding Bonds.* (a) One or more Series of Refunding Bonds may be issued in such principal amount which, when taken together with other legally available funds, will provide UAMPS with funds sufficient to accomplish the refunding of all or a part of the Outstanding Bonds of one or more Series, including in each case the payment of all expenses in connection with such refunding, provided that UAMPS' \$ Payson Power Project Refunding Revenue Bonds, Series 2012, may be issued to refund all of UAMPS' Outstanding Payson Power Project Revenue Bonds, 2003 Series A, originally issued in the aggregate principal amount of \$100,850,000, and all of UAMPS' outstanding Special Obligation Revenue Bonds, Series 2007, originally issued in the aggregate principal amount of \$2,751,000. [As amended by the Fourth Supplemental Trust Indenture.]

(b) Each Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds shall specify the Bonds to be refunded.

(c) Each Series of Refunding Bonds (other than Crossover Refunding Bonds) shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of the following documents or moneys or securities, all of such documents dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) A Written Certificate of UAMPS stating that the issuance of such Series of Refunding Bonds complies with the requirements of the Indenture and the Power Sales Contracts;

(2) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Bonds to be refunded on the redemption date or dates specified in such instructions;

(3) If, within the next succeeding 90 days, the Bonds to be refunded do not mature, are not redeemable or are not to be redeemed, irrevocable instructions to the Trustee satisfactory to it, to mail the notice provided for in Section 11.01(b) to the Owners of the Bonds being refunded; and

(4) Either (A) moneys in an amount sufficient to effect payment of the principal or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest to the maturity or redemption date, as the case may be, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the Bonds to be refunded, or (B) Government Obligations in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of Section 11.01(b), which Government Obligations and moneys shall be held in trust and used only as provided in such Section.

(d) Each Series of Crossover Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of the following documents or moneys or securities, all of such documents dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) A Written Certificate of UAMPS stating that the issuance of such Series of Crossover Refunding Bonds complies with the requirements of the Indenture and the Power Sales Contracts;

(2) Instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Crossover Refunded Bonds on the Crossover Date or on such other redemption date or dates, and subject to such conditions, as shall be specified in such instructions;

(3) If the Crossover Refunded Bonds are not by their terms subject to redemption within the 90 days next succeeding the Crossover Date, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 11.01(b) to the Owners of the Crossover Refunded Bonds on such date or dates as shall be specified in such instructions;

(4) Either (A) moneys in an amount sufficient to effect payment of the interest on the Crossover Refunding Bonds to the Crossover Date and the principal or the applicable Redemption Price of the Crossover Refunded Bonds on the Crossover Date (or other redemption date of the Crossover Refunded Bonds), which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate trust account, or (B) Investment Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Supplemental Indenture authorizing the issuance of the Crossover Refunding Bonds; and

(5) There shall be filed with the Trustee a Written Certificate of an Independent Public Accountant demonstrating the sufficiency of the moneys and investments in the escrow to pay the interest on the Crossover Refunding Bonds to the Crossover Date and the principal or Redemption Price, as applicable, of the Crossover Refunded Bonds on the Crossover Date (or other redemption date of the Crossover Refunded Bonds).

Any Supplemental Indenture providing for the issuance of Crossover Refunding Bonds may establish conditions to the occurrence of the Crossover Date and provide that the Crossover Date will not occur if such conditions are not satisfied, in which case the Crossover Refunding Bonds will be redeemed on the Crossover Date from the proceeds thereof, Escrowed Interest and other moneys available therefor. Each such Supplemental Indenture shall, in addition to all other requirements of this Section 2.04, provide that (i) until the occurrence of the Crossover Date none of the principal or Redemption Price of and interest on the Crossover Refunding Bonds shall be payable from or secured by the pledge of this Indenture, but shall be payable from the

proceeds of the Crossover Refunding Bonds, Escrowed Interest and such other sources as may be provided in such Supplemental Indenture, and (ii) upon the occurrence of the Crossover Date, the Crossover Refunding Bonds shall be secured by the lien of this Indenture on a parity with all other Series of Bonds Outstanding.

(e) A Series of Refunding Bonds may be combined with a Series of Additional Bonds.

*Section 2.05. Conditions for Issuance of Bond Anticipation Notes.* (a) One or more Series of Bond Anticipation Notes may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by UAMPS for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of the Initial Facilities and any Additional Facilities, or the refunding of Bond Anticipation Notes, or a combination of such purposes. Each such Series shall be in such principal amount which, when taken together with funds previously used, funds then legally available, or funds to be obtained in the future, will provide UAMPS with sufficient funds to pay the estimated Cost of Construction of the Initial Facilities or the Additional Facilities (as the case may be), all as set forth in the Written Certificate of UAMPS furnished pursuant to Section 2.05(e). UAMPS hereby covenants and agrees to apply the proceeds of each Series of Bonds to provide for the payment of the principal or redemption price of and interest on all Bond Anticipation Notes that were issued in anticipation of such Bonds.

(b) Each Supplemental Indenture authorizing the issuance of a Series of Bond Anticipation Notes shall specify the Initial Facilities or the Additional Facilities to which the proceeds of such Series of Bond Anticipation Notes will be applied. Bond Anticipation Notes may be issued in an amount sufficient to provide for the payment when due of all or a portion of the interest on such Bond Anticipation Notes to the Estimated Completion Date of such Initial Facilities or Additional Facilities, plus such additional period as may be determined by UAMPS. Such Supplemental Indenture may also contain such limitations and restrictions on, and covenants and agreements of, UAMPS and such rights and remedies for the owners of such Series of Bond Anticipation Notes, as deemed necessary and desirable by UAMPS; *provided, however*, that such limitations, restrictions, covenants, agreements, rights and remedies shall not be contrary to or inconsistent with the limitations, restrictions, covenants, agreements, rights and remedies contained in this Indenture for the payment and security of any Bonds then Outstanding.

(c) The payment of the interest on Bond Anticipation Notes shall be on a parity with the lien and charge created herein for the payment of the principal of and interest on the Bonds. The payment of the Principal Installments on Bond Anticipation Notes shall be paid *first* from the proceeds of Bonds issued by UAMPS and *second*, to the extent not so paid, as an item of Subordinated Indebtedness and the Supplemental Indenture pursuant to which any Series of Bond Anticipation Notes is issued shall so provide. Such Supplemental Indenture shall also provide that each of such Bond Anticipation Notes shall state on its face that the payment of Principal Installments thereof is so subordinated.

(d) In lieu of issuing two or more Series of Bond Anticipation Notes to the same purchaser, UAMPS may issue, execute and deliver to the Trustee for the account of such

purchaser a master Bond Anticipation Note in one Series that contains a schedule for the drawings and payments thereon. The Trustee shall make entries on such schedule from time to time as each drawing and payment is made, all as more fully specified in the Supplemental Indenture. Such Bond Anticipation Note shall state on its face its maximum principal amount and that the actual principal amount of such Note that is issued and Outstanding for all purposes of the Indenture is as set forth on the schedule maintained by the Trustee.

(e) Each Series of Bond Anticipation Notes shall be authorized and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) a Written Certificate of UAMPS, dated as of the date of such delivery, that contains the following:

(1) The then Estimated Completion Date and the then estimated Cost of Construction of the Initial Facilities or the Additional Facilities being financed by such Series of Bond Anticipation Notes;

(2) A determination by UAMPS that, upon the authentication and delivery of the Bond Anticipation Notes of such Series, no Event of Default has occurred and is then continuing under the Indenture and no event has or will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; and

(3) A determination by UAMPS that the issuance of such Series of Bond Anticipation Notes complies with the requirements of the Indenture and the Power Sales Contracts.

*Section 2.06. Provisions Regarding Bonds Secured by a Security Instrument.* (a) UAMPS may include such provisions in a Supplemental Indenture authorizing the issuance of a Series of Bonds secured by a Security Instrument as UAMPS deems appropriate, including provisions to the effect that:

(1) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (A) the issuer of the Security Instrument shall be deemed to be the Owner of the Outstanding Bonds of such Series (or portion thereof secured thereby) when the approval, consent or action of the Bondowners for such Series of Bonds is required or may be exercised under the Indenture and following an Event of Default and (B) the Indenture may not be amended in any manner which adversely affects the security for the Bonds or the rights of such Security Instrument Issuer without its prior written consent.

(2) In the event that the principal and Redemption Price, if applicable, and interest due on any Series of Bonds Outstanding (or portion thereof secured thereby) shall be paid under the provisions of a Security Instrument, all covenants, agreements and other obligations of UAMPS to the Bondowners of such Series of Bonds shall continue to exist and the issuer of such Security Instrument shall be subrogated to the rights of such Bondowners in accordance with the terms of such Security Instrument.



(b) In addition, such Supplemental Indenture may establish such provisions as are necessary to provide relevant information to the Security Instrument Issuer and to provide a mechanism for paying Principal Installments and interest on such Series of Bonds from the Security Instrument.

*Section 2.07. Provisions Regarding Swap Agreements.* (a) UAMPS may determine from time to time to enter into one or more Interest Rate Swaps pursuant to the provisions of the State Money Management Act or into one or more Commodity Swaps pursuant to the provisions of the Act, provided that UAMPS and the Trustee execute a Supplemental Indenture which shall include provisions that:

(1) Set forth the manner or method for the calculation of the Interest Rate Swap Payments and Interest Rate Swap Receipts (or Commodity Swap Payments and Commodity Swap Receipts, as applicable) and the scheduled payment dates therefor;

(2) Provide that (A) Interest Rate Swap Payments shall be made by UAMPS (or by the Trustee for the account of UAMPS) out of a special subaccount in the Debt Service Account, on a parity with the principal of and interest on the Bonds or (B) Commodity Swap Payments shall be made by UAMPS out of the Operation and Maintenance Fund;

(3) Notwithstanding the provisions of Section 5.04(a), may provide that (A) Interest Rate Swap Receipts received by UAMPS or the Trustee shall be deposited directly into the Debt Service Account (or a subaccount therein) or (B) Commodity Swap Receipts received by UAMPS shall be deposited directly into the Operation and Maintenance Fund (or an account or subaccount therein); and

(4) Provide that any Swap Termination Payment (A) owed by UAMPS shall be payable solely from amounts on deposit in the Subordinated Indebtedness Fund or an account or subaccount therein or (B) received by UAMPS or the Trustee shall be deposited promptly upon receipt into the Revenue Fund.

Nothing in this Section shall preclude UAMPS from entering into a Swap Agreement under which all Interest Rate Swap Payments or Commodity Swap Payments (as the case may be) and Swap Termination Payments are to be made solely from the Subordinated Indebtedness Fund or an account or subaccount therein.

(b) The Trustee shall execute the Supplemental Indenture described in (a) only upon its receipt of the following:

(1) A Written Certificate of UAMPS stating that the execution and performance of the Swap Agreement by UAMPS complies with the requirements of the Indenture and the Power Sales Contracts;

(2) Opinions of Counsel to the effect that the Swap Agreement has been duly authorized and executed by UAMPS and the Swap Counterparty and constitutes their respective valid and binding obligation;

(3) Evidence that the requirements contained in the definition of “Swap Counterparty” have been satisfied; and

(4) An executed counterpart of the Swap Agreement.

*Section 2.08. Subordinated Indebtedness.* (a) UAMPS may, at any time or from time to time, issue Subordinated Indebtedness for any purpose of UAMPS in connection with the Payson Power Project, including, without limitation, the financing of any part of the Cost of Construction of the Initial Facilities or any Additional Facilities or the refunding of any Subordinated Indebtedness or Outstanding Bonds. Such Subordinated Indebtedness shall be payable out of and may be secured by a pledge of such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor; *provided, however*, that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien created under the Indenture as security for the Bonds; and *provided, further*, that unless the resolution, indenture or other instrument, including any Supplemental Indenture, authorizing any issue of Subordinated Indebtedness shall provide that no such certificate shall be required, no such Subordinated Indebtedness may be so issued upon original issuance except upon receipt by the Trustee of a certificate of an Authorized Officer stating that UAMPS is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture.

(b) The resolution, indenture or other instrument, including any Supplemental Indenture, securing each issue of Subordinated Indebtedness shall contain provisions (which shall be binding on all holders of such Subordinated Indebtedness) not more favorable to the holders of such Subordinated Indebtedness than the following:

(1) Upon the occurrence of an Event of Default under Section 9.01, the Owners of all Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest due on all such Bonds in accordance with the provisions of the Indenture before the holders of the Subordinated Indebtedness are entitled to receive any payment from the moneys, Revenues and Funds pledged pursuant to the Indenture on account of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(2) If any issue of Subordinated Indebtedness is declared due and payable before its expressed maturity, the Owners of all Bonds Outstanding at the time such Subordinated Indebtedness becomes due and payable shall be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Subordinated Indebtedness are entitled to receive any accelerated payment from the moneys, Revenues and Funds pledged pursuant to the Indenture on account of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(3) If any Event of Default with respect to the Bonds shall have occurred and be continuing (under circumstances when the provisions of Section 2.08(b)(1) shall not be applicable), the Owners of all Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest then due on all such Bonds before the holders of the Subordinated Indebtedness are entitled to receive any payment from the moneys, Revenues and Funds pledged pursuant to the Indenture on account of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(4) No Owner of a Bond shall be prejudiced in its right to enforce subordination of the Subordinated Indebtedness by any act or failure to act on the part of UAMPS.

(5) The Subordinated Indebtedness may provide that the provisions of Section 2.08(b)(1), (2), (3) and (4) are solely for the purpose of defining the relative rights of the Owners of the Bonds on the one hand, and the holders of Subordinated Indebtedness on the other hand, and that nothing therein shall impair, as between UAMPS and the holders of the Subordinated Indebtedness, the obligation of UAMPS, which is unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Indebtedness from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under Section 2.08(b)(1), (2), (3) and (4) of the Owners of Bonds to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Indebtedness; and the Subordinated Indebtedness may provide that, insofar as a trustee or paying agent for such Subordinated Indebtedness is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Indebtedness if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(c) Any issue of Subordinated Indebtedness may have such rank or priority with respect to any other issue of Subordinated Indebtedness as may be provided in the resolution, indenture or other instrument, including any Supplemental Indenture, securing such issue of Subordinated Indebtedness and may contain such other provisions as are not in conflict with the provisions of the Indenture.

### **ARTICLE III**

#### **TERMS AND PROVISIONS OF BONDS**

*Section 3.01. Terms of Bonds.* (a) The principal and Redemption Price of the Bonds shall be payable at the principal corporate trust office of the Trustee, or at the principal office of any Paying Agent, or otherwise as provided in a Supplemental Indenture with respect to any Series of Bonds. Unless otherwise provided in a Supplemental Indenture with respect to a Series

of Bonds, payment of interest on any Bond shall be made to the person who is the registered owner thereof as of the close of business on the Record Date and shall be paid by check mailed to the registered owner thereof at the address of such registered owner as it appears on the registration books of UAMPS maintained by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner prior to the Record Date. All payments of the principal and Redemption Price of and interest on the Bonds shall be made in lawful money of the United States of America.

(b) Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, the Bonds of any Series shall be issued in fully registered form without coupons. Each Series of Bonds shall be in such denominations as may be authorized by the Supplemental Indenture authorizing the issuance of the Bonds of such Series.

(c) The Bonds shall be dated as of the Issue Date. Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, each fully-registered Bond of any Series shall bear interest from the interest payment date next preceding the date of registration and authentication thereof unless it is registered as of an interest payment date, in which event it shall bear interest from the date thereof, or unless it is registered prior to the first interest payment date, in which event it shall bear interest from its date, or unless, as shown by the records of the Trustee, interest on the Bonds of such Series shall be in default, in which event it shall bear interest from the date to which interest has been paid in full.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable to comply with the Act, custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by UAMPS prior to the authentication and delivery thereof.

(e) From and after the issuance of the Bonds of any Series, the findings and determinations of UAMPS respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue, and no bona fide purchaser of any such Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance, or to the application of the purchase price paid for such Bonds. The validity of the issuance of any Series of Bonds shall not be dependent on or affected in any way by (1) any proceedings taken by UAMPS for the planning, acquisition or construction of the Payson Power Project, or (2) any contracts made by UAMPS in connection therewith, or (3) the failure to complete the planning, acquisition or construction of the Initial Facilities or any Additional Facilities. The recital contained in the Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance and all the Bonds shall be incontestable from and after their issuance. Bonds shall be deemed to be issued, within the meaning of the Indenture, whenever the definitive Bonds, or any temporary Bonds exchangeable therefor, have been delivered to the purchasers thereof, and the purchase price thereof received, or in the case of Bonds to be refunded through exchange, whenever such exchange has been made.

*Section 3.02. Execution of Bonds.* (a) The Bonds shall be signed on behalf of UAMPS by the manual or facsimile signature of its Chairman or Vice Chairman and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, and its seal shall be thereunto affixed by its Secretary or Assistant Secretary, which may be by a facsimile of UAMPS' seal imprinted upon the Bonds. The Bonds shall then be delivered to the Trustee for manual authentication by it or by any Transfer Agent. In case any officer who shall have signed or attested any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or by any Transfer Agent or issued by UAMPS, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon UAMPS as though such person who signed or attested the same had continued to be such officer of UAMPS. Also, any Bond may be signed or attested on behalf of UAMPS by any person who on the actual date of the execution of such Bond shall be the proper officer of UAMPS, although on the nominal date of such Bond any such person shall not have been such officer of UAMPS.

(b) Only such of the Bonds as shall bear thereon a certificate of authentication, executed by the Trustee or by any Transfer Agent, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of the Trustee or of any Transfer Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered under, and are entitled to the benefits of, the Indenture and that the Owner thereof is entitled to the benefits of the Indenture.

*Section 3.03. Transfer of Bonds.* Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:

(a) Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 3.05, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation or, if applicable, notation of the new Owner together with the signature of the Trustee or any applicable Transfer Agent on the back of such Bond or on a form of record attached to such Bond for such purpose, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

(b) Whenever any Bond shall be surrendered for transfer, the Trustee or any Transfer Agent shall authenticate and deliver a new fully registered Bond or Bonds duly executed by UAMPS or, if applicable, shall deliver the same Bond, duly annotated with the new Owner and signed by the Trustee or any applicable Transfer Agent on the back of such Bond or on a form of record attached to such Bond for such purpose, for like aggregate principal amount. The Trustee or any Transfer Agent shall require the payment by the Bondowner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(c) UAMPS, the Trustee and any Transfer Agent shall not be required (1) to issue, register the transfer of or exchange any Bond during the period beginning on a Record Date applicable thereto and ending on the next succeeding interest payment date or during a period beginning at the opening of business fifteen (15) days before the date

of the mailing of a notice of redemption of Bonds selected for redemption under Article IV and ending at the close of business on the day of such mailing, or (2) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

*Section 3.04. Exchange of Bonds.* Fully-registered Bonds may be exchanged at the principal corporate trust office of the Trustee or of any Transfer Agent for a like aggregate principal amount of fully-registered Bonds of the same Series and maturity of authorized denominations. The Trustee or any Transfer Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

*Section 3.05. Bond Registration Books.* The Trustee will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of Bonds, which shall at all times be open to inspection by UAMPS; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

*Section 3.06. Temporary Bonds.* Any Series of Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by UAMPS, and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by UAMPS and be authenticated by the Trustee or by any Transfer Agent upon the same conditions and in substantially the same manner as the definitive Bonds. If UAMPS issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the principal corporate trust office of the Trustee or of any Transfer Agent, and the Trustee or any Transfer Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive fully-registered Bonds of authorized denominations, of the same Series and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered under the Indenture.

*Section 3.07. Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond shall become mutilated, UAMPS, at the expense of the Owner of such Bond, shall execute, and the Trustee or any Transfer Agent shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or any Transfer Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee or to any Transfer Agent shall be cancelled by it and delivered to, or upon the order of, UAMPS. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to UAMPS and the Trustee and, if such evidence be satisfactory to both and indemnity as required by any applicable provisions of law and satisfactory to the Trustee shall be given, UAMPS, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Trustee may pay the same

without surrender thereof). Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of UAMPS, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds of the same Series secured by the Indenture. Neither UAMPS nor the Trustee shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

## ARTICLE IV

### REDEMPTION OF BONDS

*Section 4.01. Privilege of Redemption of Bonds.* Any Series of Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture shall be redeemable, upon notice being given, at such times, at such Redemption Prices and upon such terms as provided in this Article and (in addition to and consistent with the terms contained in this Article) in the Supplemental Indenture authorizing the issuance of the Bonds of such Series.

*Section 4.02. Selection of Bonds for Redemption.* Except as otherwise provided in a Supplemental Indenture:

(a) If less than all of the Bonds of any Series are called for redemption and if the Bonds of such Series shall mature on more than one date, the Bonds of such Series shall be redeemed from the Outstanding Bonds of such Series in such order of maturities as shall be selected by UAMPS.

(b) If less than all of the Bonds of any Series maturing on any single date are called for redemption, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds of such Series maturing on that date not previously called for redemption, in such manner as in the Trustee's sole discretion it shall deem appropriate and fair; *provided, however*, that subject to other applicable provisions of the Indenture or of any Supplemental Indenture, the portion of any Bond to be redeemed shall be in a principal amount equal to a denomination in which Bonds of such Series are authorized to be issued. In selecting Bonds for redemption the Trustee shall treat each Bond as representing the number of Bonds which is obtained by dividing the principal amount of each Bond by the minimum denomination in which such Series of Bonds is authorized to be issued. If part but not all of a Bond shall be selected for redemption, the Owner thereof or his attorney or legal representative shall present and surrender such Bond to the Trustee for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount. UAMPS shall execute and the Trustee or any Transfer Agent shall authenticate and deliver to or upon the order of such Owner or his legal representative, without charge therefor, a Bond or Bonds of the same maturity and bearing interest at the same rate as the Bond so surrendered for the

unredeemed portion of the surrendered Bond. The Trustee shall promptly notify UAMPS in writing of the Bonds or portions thereof selected for redemption.

*Section 4.03. Notice of Redemption.* Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:

(a) Notice of redemption shall be given by first class mail, postage prepaid, not less than 30 nor more than 45 days prior to the redemption date, to the registered owner of such Bond, at his address as it appears on the bond registration books of the Trustee or at such address as he may have filed with the Trustee for that purpose, but neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the source of the funds to be used for such redemption, any condition or conditions to such redemption, the principal amount and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and shall also state that, if moneys are available on the redemption date to pay the Redemption Price of and accrued interest on the Bonds or portions thereof designated for redemption in such notice, the interest on such Bonds or portions thereof shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the Redemption Price thereof and interest accrued thereon to the redemption date.

(b) Notice of redemption shall be given by the Trustee for and on behalf and at the expense of UAMPS, at the Written Request of UAMPS (in the case of any optional redemption) given to the Trustee at least 60 days prior to the date fixed for redemption, or such later date as is acceptable to the Trustee. UAMPS shall deposit with, or otherwise make available to, the Trustee the money required for payment of the Redemption Price of and the accrued interest to the redemption date on all Bonds then to be called for redemption at least two days before the date fixed for such redemption.

(c) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Bonds called for redemption, such notice shall state that it is conditional upon the deposit of moneys sufficient to redeem all Bonds with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited. If moneys sufficient to redeem all Bonds called for redemption have not been deposited with the Trustee by the redemption date, the notice of redemption shall be rescinded, none of the Bonds described in such notice shall be redeemed, the Redemption Price shall not be due and payable under the Indenture, and the Trustee shall, as soon as possible after the redemption date, give notice for and on behalf and at the expense of UAMPS, by first class mail, postage prepaid, to the registered owners of the Bonds called for redemption of the rescission of such notice of redemption.

*Section 4.04. Partial Redemption of Bonds; Disposition of Redeemed Bonds.* Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:



(a) Upon surrender of any Bond redeemed in part only, UAMPS shall duly execute and the Trustee or any Transfer Agent shall authenticate and deliver to the registered owner thereof, at the expense of UAMPS, a new Bond or Bonds of the same Series and maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

(b) All Bonds redeemed in whole or in part pursuant to the provisions of this Article shall be cancelled by the Trustee or any Transfer Agent and shall thereafter be delivered to, or upon the order of, UAMPS.

*Section 4.05. Effect of Redemption.* Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, if notice of redemption has been duly given as aforesaid and moneys for payment of the Redemption Price, together with interest to the redemption date on the Bonds so called for redemption, are held by the Trustee, then such Bonds shall, on the redemption date designated in such notice, become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue.

## ARTICLE V

### PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

*Section 5.01. The Pledge Effected by the Indenture.* The Bonds are special obligations of UAMPS payable from and secured by the Revenues, moneys, securities and funds pledged therefor. As provided in the Granting Clauses of this Indenture, there are pledged for the payment of principal and Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all right, title and interest of UAMPS in and to (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established by the Indenture (except for any Rebate Fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of the Code; *provided, however*, that each Series of Bonds is secured by the Debt Service Reserve Account only if and to the extent that the Supplemental Indenture providing for the issuance of such Series of Bonds specifically provides that such Series shall be secured by a Series Subaccount in the Debt Service Reserve Account established for such Series of Bonds or by a Series Subaccount previously established for another Series of Bonds. By Supplemental Indenture, UAMPS may pledge the Revenues to secure amounts owed to the issuer of any Reserve Instrument; *provided, however*, that such pledge shall be subject to the provisions of the Indenture permitting the application of the Revenues for the purposes and on the terms and conditions set forth in the Indenture and shall be subordinate to the pledge of the Indenture for the payment of the principal and Redemption Price of and interest on the Bonds, but shall be prior to the pledge of the Indenture for the payment of principal of Bond Anticipation Notes and principal of and interest on any subordinated indebtedness issued hereunder.

*Section 5.02. Establishment of Funds.* (a) The following Funds are hereby established:

(1) Construction Fund, to be held by the Trustee, in which the Trustee shall establish a Project Account for the Initial Facilities and each of the Additional Facilities and, within each Project Account, the Trustee shall establish such subaccounts as shall be necessary to segregate and account for Prepayments and Bond proceeds, and may establish additional subaccounts to account for capitalized interest and other amounts to be used for the payment of specific items of the Cost of Construction;

(2) Revenue Fund, to be held by UAMPS;

(3) Operation and Maintenance Fund, to be held by UAMPS;

(4) Bond Fund, to be held by the Trustee, consisting of

(i) a Debt Service Account, in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds and each Interest Rate Swap, and

(ii) a Debt Service Reserve Account, in which the Trustee may establish a separate Series Subaccount for one or more Series of Bonds;

(5) Subordinated Indebtedness Fund, to be held by the Trustee, in which the Trustee shall from time to time establish such accounts and subaccounts as may be provided for by the Supplemental Indenture or as may be otherwise required for the purposes of such Fund; and

(6) Stabilization Fund, to be held by UAMPS.

(b) UAMPS may, by Supplemental Indenture, establish one or more additional Funds, accounts or subaccounts.

*Section 5.03. Construction Fund.* (a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture or any Supplemental Indenture.

(b) The proceeds of insurance maintained during the period of acquisition, construction and placing in service of the Payson Power Project against physical loss of or damage to properties thereof, or of contractors' performance bonds with respect thereto, pertaining to the period of acquisition or construction thereof, shall be paid into the appropriate Project Account in the Construction Fund.

(c) Amounts in each Project Account shall be applied to pay the Cost of Construction. In the event and to the extent that proceeds of the sale of Bonds or Bond Anticipation Notes were deposited in a Project Account as capitalized interest, the Trustee shall, during the period for which such interest was capitalized, transfer from such Project Account, to the appropriate Series Subaccount in the Debt Service Account, the amounts required to pay interest on the Bonds

when due, subject to any limitations contained in the Supplemental Indenture authorizing such Bonds.

(d) Before any payment is made from any Project Account by the Trustee (except for transfers into Series Subaccounts in the Debt Service Account to pay interest on the Bonds as contemplated in (c) above), UAMPS shall file with the Trustee a Written Request of UAMPS, showing with respect to each payment to be made, the name of the person to whom payment is due and the amount to be paid, and stating that the obligation to be paid was incurred and is a proper charge against the Project Account. To the extent that the Written Request includes amounts to be paid pursuant to the EPC Agreement, copies of the invoices or requests for direct payments submitted by the EPC Contractor pursuant to Article IX of the EPC Agreement shall be attached to the Written Request. Each such Written Request shall be sufficient evidence to the Trustee: (A) that obligations in the stated amounts have been incurred by UAMPS and that each item thereof is a proper charge against the applicable Project Account; and (B) that there has not been filed with or served upon UAMPS notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Written Request which has not been released or will not be released simultaneously with the payment of such obligation other than materialmen's or mechanics' liens accruing by mere operation of law.

(e) Upon receipt of each such Written Request, the Trustee shall pay the amounts set forth therein as directed by the terms thereof.

(f) UAMPS shall maintain on file with the Trustee a schedule of dates on which UAMPS estimates that money in each Project Account will be expended and the amounts estimated to be required on those dates. UAMPS may revise such schedule at any time to reflect changes in the estimated dates and amounts. Amounts in the Construction Fund shall be invested and reinvested by the Trustee, in accordance with instructions received from an Authorized Officer of UAMPS, to the fullest extent practicable in Investment Securities maturing in such amounts and at such times as may be necessary to make funds available when needed. The Trustee may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the applicable Project Account in the Construction Fund.

(g) Unless otherwise provided in a Supplemental Indenture authorizing the Initial Bonds or a Series of Additional Bonds, all net income earned on any moneys or investments in each Project Account shall be held in such Project Account and applied to pay Costs of Acquisition of the Initial Facilities or the Additional Facilities, as applicable.

(h) The substantial completion of acquisition and construction of the Initial Facilities and any Additional Facilities shall be evidenced by a Written Certificate of UAMPS, which shall be filed with the Trustee stating (1) that such Facilities have been completed substantially in accordance with the plans and specifications applicable thereto and whether UAMPS has accepted the EPC Contractor's claim of "Final Completion" pursuant to the EPC Agreement, (2) the date of such substantial completion and (3) the amounts, if any, required in the opinion of the

signer or signers for the payment of any remaining part of the Cost of Construction of such Facilities. Upon the filing of such Certificate, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such Certificate as being required for payment of any remaining part of the Cost of Construction shall, subject to any provision in a Supplemental Indenture, be applied as follows (in any order as determined by UAMPS): (i) used to purchase Bonds as provided in Section 5.11; (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein; (iii) deposited into the Debt Service Account; (iv) transferred into another Project Account to pay Costs of Acquisition of other Additional Facilities; or (v) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds, including a transfer into the Operation and Maintenance Fund to provide working capital and reserves for the payment of Operation and Maintenance Costs.

*Section 5.04. Revenue Fund; Operation and Maintenance Fund.* (a) All Revenues shall be promptly deposited by UAMPS to the credit of the Revenue Fund.

(b) From time to time after the deposit of Revenues into the Revenue Fund, but in any event no less frequently than monthly and not later than the last Business Day of each month, UAMPS shall transfer from the Revenue Fund and deposit to the credit of the Operation and Maintenance Fund such amount as shall be necessary for the payment of all Operation and Maintenance Costs which are unpaid and which will become due prior to the end of the current calendar month. UAMPS shall also transfer to the Operation and Maintenance Fund from the Revenue Fund such amounts as shall be necessary to provide the amount of working capital referred to in (d) below.

(c) The Operation and Maintenance Costs shall be paid by UAMPS out of the amounts on deposit in the Operation and Maintenance Fund, from time to time as such costs become due and payable. Amounts deposited into the Operation and Maintenance Fund may be transferred by UAMPS to the O&M Contractor on the commercial operation date of the Initial Facilities as a working capital deposit pursuant to Section 7.2 of the O&M Agreement and from time to time thereafter to replenish or fund any increases in such working capital deposit.

(d) UAMPS shall, so long as any of the Bonds are Outstanding, at all times maintain on file with the Trustee a Written Certificate of UAMPS setting forth the amount of working capital reasonably required for efficient operation and maintenance of the Payson Power Project, which amount shall be not less than an amount reasonably estimated to pay the Operation and Maintenance Costs of the Payson Power Project for two months. Such working capital shall be maintained (i) on deposit in the Operation and Maintenance Fund, (ii) in working capital deposits with the O&M Contractor pursuant to paragraph (c) above, (iii) through a loan agreement, line of credit or similar facility entered into pursuant to Section 2.03(g), or (iv) by a combination of (i), (ii) and (iii). The Written Certificate of UAMPS may be revised from time to time as deemed necessary or desirable by UAMPS.

(e) UAMPS may accumulate such additional amounts in the Operation and Maintenance Fund as are reasonably necessary to provide for the payment of items of Operation

and Maintenance Costs which accrue over time and which are payable less frequently than monthly.

*Section 5.05. Flow of Funds.* (a) On or before the third Business Day preceding each Bond Payment Date or the date on which any Interest Rate Swap Payment or any payment on Subordinated Indebtedness is due, UAMPS shall, after the transfer of amounts to the Operation and Maintenance Fund pursuant to Section 5.04, from and to the extent of the moneys on deposit in the Revenue Fund, transfer and deposit into the following Funds the amounts set forth below in the following order:

(1) first, into the Bond Fund for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the Series Subaccounts in the Debt Service Account shall equal the Debt Service coming due on such Bond Payment Date on the Series of Bonds for which such Series Subaccount was established or the Interest Rate Swap Payment coming due on such Interest Rate Swap payment date; *provided* that if there are not sufficient moneys to satisfy the requirements of this paragraph (1) with respect to all Series Subaccounts in the Debt Service Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Account and distributed on a *pro rata* basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency in each Series Subaccount bears to the total deficiency in all Series Subaccounts;

(2) second, into the Bond Fund for credit to each Series Subaccount established within the Debt Service Reserve Account, if moneys shall ever have been paid out of such Series Subaccount for the purpose specified in Section 5.07(b) or a draw on a Reserve Instrument shall have been made or if for any other reason moneys in the Debt Service Reserve Account shall have been removed and in any such case if such moneys shall not have been replaced from any source, such amount of the money remaining in the Revenue Fund, or all of the money so remaining if less than the amount necessary, until either the amount so paid out of or removed from such Series Subaccount or drawn on the Reserve Instrument shall have been replaced, so as to cause an amount equal to the Debt Service Reserve Requirement for such Series Subaccount to be on deposit therein (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (2) with respect to two or more Series Subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the deficit in each such Series Subaccount);

(3) third, into the Subordinated Indebtedness Fund such amount as shall be required to be deposited under each Supplemental Indenture authorizing the issuance of Subordinated Indebtedness; and

(4) fourth, into the Reserve and Contingency Fund such amount as shall be necessary so as to cause the amount set forth in the Annual Budget for the then-current

Fiscal Year to be deposited into the Reserve and Contingency Fund by the end of such Fiscal Year.

So long as cash and Investment Securities shall be held in the Bond Fund in an amount sufficient to pay in full all Outstanding Bonds, Repayment Obligations and Swap Payments in accordance with their terms, no deposits shall be required to be made into the Bond Fund.

(b) Amounts on deposit in the Revenue Fund may be transferred from time to time by UAMPS into the Stabilization Fund, *provided, however*, that after any such transfer (1) the sum of the amounts on deposit in the Revenue Fund and the Debt Service Account shall equal the Accrued Debt Service on all Series of Bonds Outstanding, (2) the Debt Service Reserve Requirement shall be on deposit in each Series Subaccount in the Debt Service Reserve Account, and (3) there shall be on deposit in the Operation and Maintenance Fund the amounts of working capital referred to in Section 5.04(d) and (e).

*Section 5.06. Bond Fund - Debt Service Account.* (a) Each Supplemental Indenture providing for the issuance of a Series of Bonds shall establish a separate Series Subaccount in the Debt Service Account for each such Series of Bonds issued *provided, however*, that such a separate Series Subaccount shall not be established for a Series of Bonds if such Series of Bonds is secured by a Series Subaccount in the Debt Service Reserve Account that also secures one or more other Series of Bonds as contemplated by Section 5.07(a) (in which case the Supplemental Indenture shall provide for the payment of such Series of Bonds from the same Series Subaccount in the Debt Service Account as such other Series of Bonds). There shall be transferred and deposited into each Series Subaccount such amounts from the Revenue Fund pursuant to Section 5.05(a)(1) and from the Project Account in the Construction Fund pursuant to Section 5.03(c) as shall be necessary to provide for the timely payment of the Debt Service on the applicable Series of Bonds.

(b) The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account: (1) on or before each interest payment date for each Series of Bonds, the amount required for the interest payable on such date; (2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; (3) on or before any redemption date for each Series of Bonds, the amount required for the payment of Redemption Price of and accrued interest on such Bonds then to be redeemed; and (4) on or before the due date of each Interest Rate Swap Payment the amount required for the payment thereof.

(c) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in any Series Subaccount in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by UAMPS in a Written Request not less than 30 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (c)

shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as UAMPS shall direct the Trustee. As soon as practicable after the 30th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by UAMPS as an Operation and Maintenance Cost.

*Section 5.07. Bond Fund - Debt Service Reserve Account.* (a) Each Supplemental Indenture providing for the issuance of a Series of Bonds may (i) establish in the Debt Service Reserve Account a separate Series Subaccount for such Series of Bonds or (ii) provide for such Series of Bonds to be secured by a Series Subaccount previously established. Any Supplemental Indenture that establishes a separate Series Subaccount shall specify (x) the Debt Service Reserve Requirement for such Series Subaccount, (y) whether future Bonds, Additional Bonds or Refunding Bonds may be secured by such Series Subaccount and (z) the manner in which such Series Subaccount shall be funded.

(b) Subject to any limitations contained in a Supplemental Indenture, UAMPS may satisfy all or any portion of any Debt Service Reserve Requirement by means of a Reserve Instrument (or may substitute one Reserve Instrument for another). No Swap Counterparty and no holder or owner of Subordinated Indebtedness shall have any claim upon the amounts on deposit in any Series Subaccount in the Debt Service Reserve Account and no Swap Payments, Termination Payments or payments on Subordinated Indebtedness shall be made from any Series Subaccount in the Debt Service Reserve Account.

(c) If on the third Business Day immediately preceding each Bond Payment Date, after the deposit of moneys required by Section 5.05(a)(1), the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount, the Trustee shall (1) apply amounts from the corresponding Series Subaccount in the Debt Service Reserve Account to the extent necessary to make good the deficiency; and (2) to the extent that moneys and investments available in the corresponding Series Subaccount in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccount in the Debt Service Account and Reserve Instruments are in effect for the corresponding Series of Bonds, immediately make a demand for payment on all such Reserve Instruments, up to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Debt Service Account.

(d) Whenever the moneys on deposit in a Series Subaccount in the Debt Service Reserve Account, including investment earnings and the amounts available under any Reserve Instrument with respect thereto, shall exceed the Debt Service Reserve Requirement for such Series Subaccount, such excess shall be transferred by the Trustee and paid to UAMPS for deposit into the Revenue Fund.

(e) Whenever the amount in a Series Subaccount in the Debt Service Reserve Account, excluding the amounts available under any Reserve Instrument, together with the amounts in the corresponding Series Subaccount in the Debt Service Account are sufficient to pay in full all Outstanding Bonds payable from and secured by such Series Subaccount in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in such Series Subaccount in the Debt Service Reserve Account shall be transferred to the corresponding Series Subaccount in the Debt Service Account and no further deposits shall be required to be made into such Series Subaccount in the Debt Service Reserve Account.

(f) Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, in calculating the amount on deposit in a Series Subaccount in the Debt Service Reserve Account, any amount available under a Reserve Instrument for such Series Subaccount will be treated as an amount on deposit therein.

(g) Unless otherwise specified in the Supplemental Indenture authorizing a Series of Bonds, no Reserve Instrument for such Series of Bonds shall be allowed to expire unless and until cash has been deposited into the appropriate Series Subaccount in the Debt Service Reserve Account, or a new Reserve Instrument has been issued in place of the expiring Reserve Instrument, in an amount or to provide coverage at least equal to the applicable Debt Service Reserve Requirement.

*Section 5.08. Reserve and Contingency Fund.* Pursuant to the provisions of the Power Sales Contracts UAMPS may establish a separate and segregated account known as the “Reserve and Contingency Fund.” The Reserve and Contingency Fund shall be held by UAMPS, and pursuant to Section 5.05(a)(3), UAMPS shall from time to time deposit such amounts into the Reserve and Contingency Fund as are set forth in the Annual Budget then in effect. Amounts on deposit in the Reserve and Contingency Fund shall be used to pay unusual or extraordinary Operation and Maintenance Costs, the Cost of Construction of any part of the Payson Power Project, and shall provide reserves for the foregoing.

*Section 5.09. Subordinated Indebtedness Fund.* (a) The Trustee shall apply amounts in each separate account in the Subordinated Indebtedness Fund at the times, in the amounts and to the purposes specified with respect thereto in the respective resolutions, indentures or other instruments, including any Supplemental Indenture, relating to such account and the Subordinated Indebtedness payable therefrom or secured thereby. Upon the withdrawal of any moneys from the Subordinated Indebtedness Fund for application to such purposes such money shall be released and discharged from the lien of the Indenture.



(b) If at any time the amount in any Series Subaccount in the Debt Service Account shall be less than the requirement of such Subaccount pursuant to Section 5.05(a)(1), or the amount in any Series Subaccount in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement relating thereto, and there shall not be on deposit in the Revenue Fund available moneys sufficient to cure either such deficiency, then the Trustee shall withdraw from the Subordinated Indebtedness Fund and deposit into such Series Subaccount in the Debt Service Account or into such Series Subaccount in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to all Series Subaccounts in the Debt Service Account and all Series Subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be first applied ratably (in proportion to the deficiency in each such Subaccount) to make up the deficiencies in the Debt Service Account, and any balance remaining shall be applied ratably (in proportion to the deficiency in each such Series Subaccount in the Debt Service Reserve Account) to make up part of the deficiency in the Debt Service Reserve Account. For purposes of this Section 5.09(b), the Trustee shall withdraw from each account in the Subordinated Indebtedness Fund, ratably in proportion to the respective amounts on deposit therein, the amounts required to make up said deficiencies.

(c) Subject to the provisions of, and to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument, including any Supplemental Indenture, securing each issue of Subordinated Indebtedness, amounts in the Subordinated Indebtedness Fund which UAMPS at any time determines to be in excess of the requirements of such Fund, may, at the discretion of UAMPS, be transferred to the Revenue Fund and applied in accordance with Section 5.05.

*Section 5.10. Stabilization Fund.* (a) If on the third Business Day preceding any Bond Payment Date, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount pursuant to Section 5.05(a)(1), and there shall not be on deposit in the corresponding Series Subaccount in the Debt Service Reserve Account sufficient moneys to cure such deficiency, UAMPS shall transfer from the Stabilization Fund and deposit into such Series Subaccount in the Debt Service Account the amount necessary (or all the moneys in the Stabilization Fund, if less than the amount necessary) to make up such deficiency; provided that to the extent that such deficiencies occur in more than one Series Subaccount in the Debt Service Account and there are insufficient moneys available in the Stabilization Fund to make up such deficiencies, the amount transferred and deposited from the Stabilization Fund shall be distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available in the Stabilization Fund by the proportion that the deficiency in each Series Subaccount bears to the total deficiency in all Series Subaccounts.

(b) If on the final day preceding any Bond Payment Date, the amount in any Series Subaccount in the Debt Service Reserve Account shall be less than the amount required to be on deposit therein pursuant to Section 5.05(a)(2), UAMPS shall, after making the transfers and deposits required by Section 5.10(a), transfer from the Stabilization Fund to the Trustee for deposit into such Series Subaccount in the Debt Service Reserve Account the amount necessary (or all the moneys in the Stabilization Fund, if less than the amount necessary) to make up such

deficiency, *provided* that to the extent that such deficiencies occur in more than one Series Subaccount in the Debt Service Reserve Account and there are insufficient moneys available in the Stabilization Fund to make up such deficiencies, the amount transferred and deposited from the Stabilization Fund shall be distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Reserve Account, such distribution to be determined by multiplying the amount available in the Stabilization Fund by the proportion that the deficiency for each Series Subaccount bears to the total deficiency for all Series Subaccount.

(c) Amounts in the Stabilization Fund not required to meet a deficiency as required in Section 5.10(a) and (b) may be transferred from time to time by UAMPS from the Stabilization Fund free and clear of the lien of the Indenture and deposited into any funds or accounts established by UAMPS to be used for any lawful Payson Power Project purpose, including, without limitation, (1) the purchase of any Bonds pursuant to Section 5.11 or the redemption of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds, (2) payment of debt service (whether by purchase or redemption or otherwise) on any obligations, including junior lien revenue bonds, of UAMPS incurred for Payson Power Project purposes, (3) funding of debt service reserve funds or accounts established by UAMPS in connection with any obligations of UAMPS incurred for Payson Power Project purposes, (4) deposits into any renewal and replacement fund established by UAMPS for the Payson Power Project, or (5) deposits into the Revenue Fund, *provided* that any amounts so deposited into the Revenue Fund shall again be subject to the provisions of the Indenture regarding the application of amounts in the Revenue Fund and the lien of the Indenture.

*Section 5.11. Purchase of Bonds.* UAMPS may purchase Bonds of any Series from any available funds at public or private sale, as and when and at such prices as UAMPS may in its discretion determine. All Bonds so purchased shall at such times as shall be selected by UAMPS be delivered to and cancelled by the Trustee or any Transfer Agent (or provision made therefor) and shall thereafter be delivered to, or upon the order of, UAMPS, and no Bonds shall be issued in place thereof. In the case of the purchase of Bonds of a Series and maturity for which Sinking Fund Installments shall have been established, UAMPS shall, by a Written Request of UAMPS delivered to the Trustee, elect the manner in which the principal amount of such Bonds shall be credited toward Sinking Fund Installments, consistent with the procedures of Section 5.06(c).

## ARTICLE VI

### SPECIAL COVENANTS

*Section 6.01. Punctual Payment of Bonds.* (a) UAMPS will punctually pay or cause to be paid the principal, Redemption Price and interest on the Bonds in strict conformity with the terms of the Bonds and the Indenture, and UAMPS will punctually pay or cause to be paid all Sinking Fund Installments which may be established for any Series of Bonds.

(b) The Trustee shall pay to the Paying Agents, to the extent of the moneys held by the Trustee for such payment, funds for the prompt payment of any principal, Redemption Price and interest on the Bonds to be paid by such Paying Agents.

*Section 6.02. Power to Construct Payson Power Project, to Issue Bonds and to Pledge Revenues and Other Funds.* UAMPS is duly authorized under all applicable laws to acquire, construct, own and operate the Payson Power Project, to create and issue the Bonds and to execute and deliver the Indenture and to pledge and assign the Revenues, the Funds and other moneys, securities and funds purported to be subjected to the lien of the Indenture in the manner and to the extent provided in the Indenture. Except to the extent otherwise provided in the Indenture, the Revenues, the Funds and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by the Indenture, and all corporate or other action on the part of UAMPS to that end has been and will be duly and validly taken. The Bonds and the Indenture are and will be the valid and legally enforceable obligations of UAMPS in accordance with their terms and the terms of the Indenture. UAMPS shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the Revenues, the Funds and other moneys, securities and funds pledged under the Indenture and all the rights of the Bondowners under the Indenture against all claims and demands of all persons whomsoever.

*Section 6.03. Compliance with Indenture; Further Assurances.* UAMPS will not issue, or permit to be issued, any Bonds or other obligations payable from Revenues in any manner other than in accordance with the provisions of the Indenture and will not suffer or permit any default to occur under the Indenture, but will faithfully observe and perform all the covenants, conditions and requirements hereof. UAMPS will adopt, make, execute and deliver any and all such further Supplemental Indentures, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights, benefits and security provided in the Indenture. UAMPS for itself, its successors and assigns, represents, covenants and agrees with the Owners of the Bonds as a material inducement to their purchase of the Bonds, and with each Security Instrument Issuer as a material inducement to the issuance of its Security Instrument, that it will faithfully perform all of the covenants and agreements contained in the Indenture and the Bonds.

*Section 6.04. Construction of Initial Facilities and Additional Facilities.* UAMPS shall cause the acquisition and construction of the Initial Facilities and any Additional Facilities to be accomplished in a sound and economic manner and as expeditiously as is practicable, in accordance with the provisions of the Project Agreements, including particularly the Host City Agreement and the EPC Agreement. UAMPS shall, as expeditiously as is practicable, take all action on its part necessary to acquire any regulatory permits and approvals needed to acquire, construct, own, and maintain the Payson Power Project. UAMPS shall promptly and vigorously enforce the obligations of the EPC Contractor under the EPC Agreement. UAMPS will vigorously enforce and defend its rights under the Project Agreements and will not consent or agree to any amendment of the Project Agreements that materially and adversely affects its rights thereunder.

*Section 6.05. Power to Own Payson Power Project and Collect Charges; Maintenance of Revenues.* (a) UAMPS has, and will have as long as any Bonds are Outstanding, good, right and lawful power to own the Payson Power Project and to sell the capacity or output thereof upon the

terms and conditions contained in the Power Sales Contracts. UAMPS shall promptly collect all amounts payable under the Power Sales Contracts as the same become due, and shall at all times maintain and promptly and vigorously enforce its rights against any Participant who does not pay such charges when due.

(b) UAMPS will at all times comply with all terms, covenants and provisions, express and implied, of the Project Agreements and the Power Sales Contracts and all other contracts or agreements affecting or involving the Payson Power Project or business of UAMPS with respect thereto.

(c) UAMPS will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further accounts, instruments and transfers as may be reasonably required for the better assuring, pledging and confirming to the Trustee all and singular the Revenues, including the payments to be made by the Participants or other users, and the other amounts pledged hereby to the payment of the principal of, Redemption Price and interest on the Bonds. UAMPS will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Revenues, except as specifically authorized herein.

*Section 6.06. Creation of Liens.* (a) UAMPS shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds and the Bond Anticipation Notes, payable out of or secured by a pledge or assignment of the Revenues or other moneys, securities or funds held or set aside by UAMPS or by the Fiduciaries under the Indenture and shall not create or cause to be created any lien or charge on the Revenues, or such moneys, securities or funds; *provided, however*, that UAMPS may enter into Swap Agreements and may incur Subordinated Indebtedness upon the terms and conditions set forth herein.

(b) UAMPS will not create, and will use its good faith efforts to prevent the creation of, any mortgage or lien upon the Payson Power Project or any property essential to the proper operation of the Payson Power Project or to the maintenance of the Revenues. UAMPS will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in or permitted by the Indenture.

*Section 6.07. Annual Budget.* Prior to the beginning of each Fiscal Year, UAMPS shall prepare and file with the Trustee for the ensuing Fiscal Year an Annual Budget recommended by the Project Management Committee and approved by the Board of Directors of UAMPS. Such Annual Budget shall set forth such detail with respect to such Revenues, Operation and Maintenance Costs and other expenditures and such deposits, as shall be necessary or appropriate so as to comply with the Power Sales Contracts and the Organization Agreement and may set forth such additional material as UAMPS may determine. Following the end of each quarter of each Fiscal Year UAMPS shall review the Annual Budget for such Fiscal Year, and in the event such review indicates that the Annual Budget does not or will not substantially correspond with actual receipts or expenditures, or if there are or are expected to be at any time during any such Fiscal Year extraordinary receipts, credits or expenditures that will substantially affect the amounts shown in the Annual Budget, UAMPS shall take the actions provided for in the Power Sales Contracts and will file with the Trustee a revised Annual Budget. UAMPS also may at any

time adopt and file with the Trustee a revised Annual Budget for the remainder of the then current Fiscal Year.

*Section 6.08. Limitations on Operation and Maintenance Costs and Other Costs.* UAMPS shall not expend any amount from the Operation and Maintenance Fund for Operation and Maintenance Costs for any Fiscal Year in excess of the amounts provided therefor in the Annual Budget as then in effect. Nothing in this Section contained shall limit the amount which UAMPS may expend for Operation and Maintenance Costs, if the amounts to be so expended shall be received by UAMPS from some source other than the Revenues, which source shall not be reimbursable out of Revenues.

*Section 6.09. Operation and Maintenance.* UAMPS shall, subject to the provisions of the Project Agreements and consistent with the terms and provisions thereof and with Prudent Utility Practice, (a) cause the Payson Power Project to be operated, maintained and managed in an efficient and economical manner consistent with the Power Sales Contracts, (b) cause the Payson Power Project to be maintained, preserved and kept in good repair, working order and condition, and (c) cause all necessary and proper repairs, replacements and renewals to be made so that the operating efficiency of the Payson Power Project will be of a high character.

*Section 6.10. Rates, Fees and Charges.* UAMPS shall at all times establish and collect rates and charges for the use of the capacity and output of the Payson Power Project or the sale of the capacity or service of the Payson Power Project, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of:

- (1) Operation and Maintenance Costs during such Fiscal Year;
- (2) An amount equal to the Aggregate Debt Service for such Fiscal Year;
- (3) The amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account in the Bond Fund (whether to replace amounts withdrawn from the Debt Service Reserve Account, to reimburse amounts drawn on any Reserve Instrument or otherwise); and
- (4) All other charges or amounts payable out of Revenues during such Fiscal Year.

*Section 6.11. Power Sales Contracts and Project Agreements; Enforcement and Amendment.* (a) The Power Sales Contracts, certified or executed copies (or a composite copy) of which have been filed with the Trustee, set forth the covenants and obligations of UAMPS and the Participants and reference is hereby made to the Power Sales Contracts for a detailed statement of said covenants and obligations of the Participants thereunder. A copy of any amendment to any of the Power Sales Contracts, certified by an Authorized Officer of UAMPS, shall be filed with the Trustee.

(b) UAMPS agrees that if an Event of Default exists and is continuing hereunder, the Trustee in its name or in the name of UAMPS may enforce all rights of UAMPS and all obligations of the Participants and UAMPS under and pursuant to such Power Sales Contracts for and on behalf of the Bondowners.

(c) UAMPS shall collect and forthwith deposit in the Revenue Fund all amounts payable to it by the Participants pursuant to the Power Sales Contracts or pursuant to any other contract for the use or the sale of the capacity or output of the Payson Power Project or any part thereof. UAMPS shall enforce the provisions of the Power Sales Contracts and duly perform its covenants and agreements thereunder. UAMPS will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Power Sales Contracts which will reduce the aggregate amount of the payments required thereunder or which will in any manner materially impair or materially adversely affect the rights of UAMPS thereunder or the rights or security of the Bondowners under the Indenture. So long as the Bonds are Outstanding, UAMPS shall not establish a "Billing Period" under (and as defined in) the Power Sales Contract that is longer than a month.

(d) If for any reason any of the Power Sales Contracts is no longer in force and effect, UAMPS, to the extent permitted by law, shall enter into one or more power sales contracts or make other arrangements for the disposition of capacity or output of the Payson Power Project to purchasers in order to provide Revenues. UAMPS shall, to the extent permitted by law, provide for the payment of Revenues pursuant to any power sales contracts so entered into or other arrangements so made which will be fully sufficient to pay the principal or Redemption Price and interest to become due in respect of all Bonds in strict conformity with the terms of the Bonds and the Indenture.

(e) The Trustee shall notify UAMPS, the Participants or any other purchaser of Payson Power Project output pursuant to a Power Sales Contract, and the Project Management Committee existing under the Power Sales Contracts within seven days after the occurrence thereof of any Event of Default pursuant to Section 9.01(a) or (b).

(f) The failure of a Participant to make to UAMPS any of the payments for which provision is made in its Power Sales Contract within five business days after the due date of any such payment constitutes an immediate default on the part of such Participant as provided in Section 20 of the Power Sales Contracts. Upon the occurrence of such an event of default under Section 20 of any of the Power Sales Contracts, UAMPS shall immediately take all actions authorized by the Power Sales Contracts against such Participant and with respect to its Entitlement Share pursuant to the terms of the Power Sales Contracts.

(g) UAMPS covenants and agrees that it will duly perform its obligations under the Project Agreements and will enforce the provisions thereof against the other parties thereto. UAMPS will not consent or agree to any termination of or amendment to any of the Project Agreements which, in the judgment of UAMPS, will materially and adversely affect its rights thereunder.

(h) Notwithstanding any other provision of the Indenture, UAMPS and the Participants may enter into supplements to the Power Sales Contracts in connection with any Additional Facilities, and may revise Schedule I to the Power Sales Contracts, so long as the sum of all of the Entitlement Shares and the sum of all of the Debt Service Shares listed thereon each equal 100%. [As amended by the Fourth Supplemental Trust Indenture.]

(i) Notwithstanding any other provision of the Indenture, UAMPS may revise Schedule I to the Power Sales Contracts in connection with a sale or assignment permitted under and in accordance with Section 17(c) thereof, so long as the sum of all of the Entitlement Shares and the sum of all of the Debt Service Shares listed thereon each equal 100%. [As amended by the Fourth Supplemental Trust Indenture.]

*Section 6.12. Insurance.* (a) Subject in each case to the conditions that similar insurance is usually carried by utilities constructing and operating electric generation facilities comparable to the Payson Power Project and that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) UAMPS will secure and maintain, or cause there to be secured and maintained pursuant to the Project Agreements, with responsible insurers, insurance on the physical properties of the Payson Power Project with a value in excess of \$100,000 and public liability insurance in the amounts and against such risks as are usually insurable in connection with similar facilities and are normally carried by public utilities engaged in the operation of similar properties, and such insurance policies procured pursuant to this provision shall name the Trustee as an additional loss payee and shall not terminate or expire prior to thirty days after the Trustee has been notified of such termination or expiration;

(2) UAMPS will secure and maintain adequate fidelity insurance or bonds on the positions of any person or persons handling or responsible for funds of UAMPS related to the Payson Power Project; and

(3) UAMPS may, in its sole discretion, obtain business interruption insurance with respect to the Payson Power Project.

(b) UAMPS will place on file with the Trustee annually within one hundred twenty days after the close of each Fiscal Year, so long as any Bonds are Outstanding, a Written Statement of UAMPS containing:

(1) a description in reasonable detail of the insurance then in effect pursuant to the requirements of this Section and a statement that UAMPS has complied in all respects with the requirements of this Section; and

(2) whether during such year any portion of the Payson Power Project has been damaged or destroyed and, if so, the amount of insurance proceeds covering such loss or damage and specifying UAMPS' reasonable and necessary costs of reconstruction or replacement thereof.

*Section 6.13. Reconstruction; Application of Insurance Proceeds.* (a) In the event any useful portion of the Payson Power Project shall be damaged or destroyed, UAMPS shall determine whether to proceed with the reconstruction or replacement thereof or to terminate the Payson Power Project. In making such determination, UAMPS shall obtain (and shall be entitled to rely upon) a report of a Qualified Engineer ~~having the qualifications described in clause (2) of the definition of "Qualified Engineer"~~ setting forth such engineer's recommendations as to the reconstruction, replacement or termination of the Payson Power Project. [As amended by the Fourth Supplemental Trust Indenture.]

(b) In the event that UAMPS determines not to reconstruct or replace the Payson Power Project, the proceeds of any insurance received by UAMPS on account of such damage or destruction (other than any business interruption loss insurance), shall be deposited into a special account in the Bond Fund and shall be used, together with other legally available moneys for such purpose, to redeem or defease Bonds.

(c) In the event that UAMPS determines to proceed with the reconstruction or replacement of the Payson Power Project, the proceeds of any insurance received by UAMPS on account of such damage or destruction (other than any business interruption loss insurance), shall, if the appropriate Project Account in the Construction Fund has not been closed, be paid into the Construction Fund as provided in Section 5.03(b), or if the Construction Fund has been closed, shall be held by the Trustee in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such account or investments shall be deposited in the Revenue Fund. The proceeds of any insurance received by UAMPS and not applied within three Years after receipt thereof by UAMPS to repairing or replacing damaged or destroyed property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged or destroyed shall not have been given to the Trustee by UAMPS within such three Years, or which UAMPS shall at any time notify the Trustee are not to be so applied, shall be deposited in the Revenue Fund.

(d) If the proceeds of insurance authorized by this Section to be applied to the reconstruction or replacement of any portion of the Payson Power Project are insufficient for such purpose, the deficiency may be supplied out of moneys in the Stabilization Fund or other legally available monies.

(e) The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

*Section 6.14. Eminent Domain.* If all or any part of the Payson Power Project shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by UAMPS therefrom shall be (a) applied to replace the lost portion of the Payson Power Project or (b) deposited with the Trustee in a special fund in trust and applied and disbursed by the Trustee subject to the following conditions:



(1) If such funds are sufficient to provide for the payment of the entire amount of principal due or to become due upon all of the Outstanding Bonds, together with all of the interest due or to become due thereon and any redemption premiums thereon, so as to enable UAMPS to retire all of the Bonds then Outstanding, either by call and redemption at the then current Redemption Prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, the Trustee shall apply such moneys to such retirement or payment, as appropriate, and to the payment of such interest. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations. The balance of such moneys, if any, shall be transferred to UAMPS.

(2) If such proceeds are insufficient to provide the moneys required for the purposes set forth in subsection (1) above, UAMPS shall file with the Trustee a Written Request of UAMPS requesting the Trustee to apply such proceeds for one of the following purposes:

(A) If such Written Request of UAMPS requests the Trustee to apply such proceeds to the purchase, redemption or retirement of Bonds, the Trustee shall apply such proceeds to the purchase, redemption or retirement of Bonds then Outstanding. If more than one Series of Bonds is then Outstanding, such proceeds shall be applied pro rata among each such Series to the purchase, redemption or retirement of the Bonds of each such Series in the proportion which the principal amount of Bonds of each such Series then Outstanding bears to the aggregate principal amount of all Bonds then Outstanding. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations.

(B) If such Written Request of UAMPS requests the Trustee to deliver such proceeds to UAMPS to apply to the cost of additions, improvements or extensions to the Payson Power Project, the Trustee shall pay such proceeds to UAMPS. UAMPS shall hold such proceeds in trust and apply them to the cost of acquiring and constructing such additions, improvements or extensions. Any balance of such proceeds not required by UAMPS for such additions, improvements or extensions shall be deposited into the Revenue Fund.

(C) If such Written Request of UAMPS requests the Trustee to deposit such proceeds into the Revenue Fund upon the basis that such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Bonds, UAMPS shall also file with the Trustee an Engineer's Certificate stating that such eminent domain proceedings have not substantially impaired or affected the operation of the Payson Power Project or the ability of UAMPS to meet all of its obligations hereunder with respect to the payment of the Bonds. Upon receipt of such Written Request and such Engineer's Certificate, the Trustee shall deposit such proceeds into the Revenue Fund.

*Section 6.15. Accounts and Reports.* (a) UAMPS will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of UAMPS, in which complete and accurate entries shall be made of all transactions relating to the Payson Power Project, the Revenues, the Funds and the Power Sales Contracts. Such books of record and accounts, the Power Sales Contracts and any insurance policies relating to the Payson Power Project shall at all times during business hours be subject to the inspection of the Trustee, the Owners of not less than five percent of the Bonds then Outstanding, any party specified by a Supplemental Indenture, or their representatives authorized in writing.

(b) UAMPS will place on file with the Trustee and with any party specified by a Supplemental Indenture annually within 120 days after the close of each Fiscal Year (1) a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues, all expenditures from the Revenues for Operation and Maintenance Costs and all other expenditures from the Revenues applicable to the Payson Power Project and the resulting Net Revenues available for Debt Service, and (2) a balance sheet in reasonable detail reflecting the financial condition of the Payson Power Project, including the balances of all Funds relating to the Payson Power Project as of the end of the Fiscal Year for which such balance sheet has been prepared. Such financial statement and balance sheet shall each be accompanied by an Accountant's Certificate (which Accountant's Certificate may be relied on by the Trustee as evidence that the reporting requirements under this Section 6.15(b) have been met) and shall, in addition to whatever matters may be thought proper by the Independent Public Accountant to be included therein, include the following:

(1) Comments regarding the manner in which UAMPS has carried out the requirements of the Indenture and recommendations for any change or improvements in the accounting operations of the Payson Power Project;

(2) A list of any insurance policies in force at the end of the Fiscal Year with respect to the Payson Power Project, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;

(3) A statement as to whether or not the Net Revenues for such Fiscal Year were at least equal to UAMPS' obligations hereunder with respect to the payment of the Bonds, any Subordinated Indebtedness and any Swap Payments;

(4) The amounts in each of the various Funds (including each account in each Fund) herein provided for at the end of the Fiscal Year; and

(5) Such additional information as shall be required by the Power Sales Contracts.

(c) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Bondowners and the issuer of any Security Instrument or Reserve Instrument at the principal corporate trust office of the Trustee and shall be mailed to each Bondowner who shall file a written request

therefor with UAMPS. UAMPS may charge each person requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

(d) UAMPS shall file with the Trustee and with any party specified by a Supplemental Indenture (1) immediately upon becoming aware of any Event of Default or other default in the performance by UAMPS of any covenant, agreement or condition contained in the Indenture, a Written Certificate of UAMPS specifying such default; and (2) no later than 180 days following the end of each Calendar Year a Written Certificate of UAMPS stating that, to the best of the knowledge and belief of the Authorized Officer of UAMPS executing such Written Certificate, except for any default then existing which shall have been specified in the Written Certificate of UAMPS referred to in (1) above, UAMPS has kept, observed, performed and fulfilled all of its covenants and obligations contained in the Indenture and there does not exist at the date of such Written Certificate any default by UAMPS under the Indenture or any Event of Default or other event which, with the lapse of time specified in Section 9.01, would become an Event of Default, or, if any such default or Event of Default shall so exist, specifying the same and the nature and status thereof.

*Section 6.16. Payment of Taxes and Charges.* UAMPS will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Payson Power Project or upon the Revenues when the same become due (except those taxes, assessments, charges or claims which UAMPS shall in good faith contest by proper legal proceedings if UAMPS shall in all such cases have set aside on its books reserves deemed adequate with respect thereto), and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. UAMPS will keep the Payson Power Project and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the construction of the Initial Facilities and any Additional Facilities which are paid in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Indenture on the Revenues may at all times be maintained and preserved, and be free from any claim or liability which might embarrass or hamper UAMPS in conducting its business.

*Section 6.17. Observance of Laws and Regulations.* UAMPS will keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege, license or franchise now owned or hereafter acquired by UAMPS relating to or affecting the Payson Power Project or the Participants, including its right to exist and carry on business, to the end that such rights, privileges, licenses and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; *provided, however*, that UAMPS shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

*Section 6.18. General.* (a) UAMPS shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of UAMPS under the provisions of the Act and the Indenture.

(b) Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of UAMPS, shall comply in all respects with the applicable laws of the State of Utah.

(c) Except as otherwise provided in the Power Sales Contracts, UAMPS will not sell or lease any property or facilities comprising part of the Payson Power Project, enter into any other arrangement or take any other action which would adversely affect the exemption of interest on any Bonds from federal income taxation.

## **ARTICLE VII**

### **THE TRUSTEE AND OTHER AGENTS**

*Section 7.01. Acceptance of Trustee; Resignation and Removal of Trustee.* (a) The Trustee hereby accepts the trusts created by the Indenture upon the terms and conditions set forth in this Article. The Trustee shall act as the legal depository for UAMPS for the purpose of receiving all moneys which UAMPS is required to pay to the Trustee hereunder, and to hold, allocate, use and apply the same as provided in the Indenture. The Trustee shall also act as registrar and Transfer Agent for the Bonds, with the duties herein provided, and shall also act in accordance with the duties specified in Section 3.01(a). In acting as registrar and Transfer Agent, the Trustee shall be the agent of UAMPS.

(b) The Trustee may at any time resign or be discharged of its duties and obligations hereby created by giving not less than 60 days' written notice to UAMPS, specifying the date when such resignation shall take effect, and mailing notice thereof, to the Owners of all Bonds then Outstanding, and such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor; *provided, however,* that such resignation of the Trustee shall in no event take effect until such successor shall have been appointed and accepted the duties of Trustee by the execution of a Supplemental Indenture with UAMPS.

(c) So long as no Event of Default has occurred and is continuing hereunder, UAMPS may at any time, and shall following the breach by the Trustee of the trust set forth in the Indenture, remove the Trustee initially appointed or any successor thereto by the adoption by UAMPS of a resolution providing for such removal, for the appointment of a successor, and for the effective date of the change of Trustee. The Trustee may also be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners

of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized. Any such removal of the Trustee shall in no event take effect until such successor shall have been appointed and shall have accepted the duties of Trustee by the execution of a Supplemental Indenture with UAMPS. A copy of such resolution shall be mailed by first class mail to the Trustee.

(d) Notice of the resignation or removal of the Trustee and the appointment of a successor shall be given by first class mail to the registered Owners of all Bonds then Outstanding (and by publication in a Financial Newspaper or Journal if any Bonds then Outstanding are not in fully-registered form), within 30 days after adoption by UAMPS of the resolution providing for such appointment. Any successor Trustee appointed by resolution adopted subsequent to the issuance of the first Series of Bonds issued hereunder shall be a bank or trust company in good standing incorporated under the laws of the United States of America or any state, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

*Section 7.02. Paying Agents; Appointment and Acceptance of Duties; Removal.* UAMPS shall appoint Paying Agents for the Bonds of each Series pursuant to Supplemental Indentures. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to UAMPS and to the Trustee a written acceptance thereof. UAMPS may remove any Paying Agent and any successor thereto, and appoint a successor or successors thereto; *provided, however*, that any such Paying Agent designated by UAMPS shall continue to be a Paying Agent of UAMPS for the purpose of paying the principal and Redemption Price of and interest on the Bonds until the designation of a successor as such Paying Agent. Each Paying Agent is hereby authorized to redeem Bonds when duly presented to it for payment or redemption, which Bonds shall thereafter be delivered to the Trustee for cancellation.

*Section 7.03. Terms and Conditions of the Trusts.* The Trustee shall perform the trusts contained in the Indenture as a corporate trustee ordinarily would perform said trusts under a corporate indenture, only upon and subject to the following express terms and conditions:

(a) The Trustee shall perform such duties and only such duties as are specifically set forth in the Indenture. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of any of the same who have been selected by it with ordinary care in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The

Trustee may act upon the opinion or advice of any attorney for UAMPS or any other attorneys, if, in the case of such other attorneys, they are approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee shall not be liable for any error of judgment made in good faith by any of its officers or employees unless it shall be proved that the Trustee was negligent in ascertaining pertinent facts.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of UAMPS herein set forth; but the Trustee may require of UAMPS full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of UAMPS under the Indenture.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner or pledgee of Bonds secured hereby with the same rights which it would have if not Trustee. To the extent permitted by law, the Trustee may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture, upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Written Certificate of UAMPS as sufficient evidence of the facts therein contained and shall also be at liberty to accept a similar Written Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary or an Assistant Secretary of UAMPS to the effect that a resolution in the form therein set

forth has been adopted by UAMPS as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and it shall not be answerable for other than its gross negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except for Events of Default under Sections 9.01(a) and 9.01(b) of this Indenture; *provided* that the Trustee shall be required to take notice or be deemed to have notice of any default hereunder if specifically notified in writing of such default by the Owners of not less than 10% in aggregate principal amount of Bonds then Outstanding, and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee and in the absence of such notice, the Trustee may conclusively assume there is no default except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of UAMPS pertaining to the Payson Power Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in the Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee reasonably deemed desirable by it for the purpose of establishing the right of UAMPS to the authentication of any Bonds or the taking of any other action by the Trustee.

(l) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the Indenture at the request, order or direction of any of the Bondowners pursuant to the provisions of the Indenture, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law.

(n) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, Bond or other paper or document, unless requested in writing to do so by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding; *provided*, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of the Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such inquiry or examination shall be paid by UAMPS or, if paid by the Trustee, shall be repaid by UAMPS.

(o) The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion, rights or powers conferred upon it by the Indenture.

(p) None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

(q) The Trustee shall not be obligated to take or omit to take any action hereunder if, upon the basis of advice of counsel selected by it, the Trustee determines it would be unlawful to take or omit to take such action.

*Section 7.04. Intervention by the Trustee.* In any judicial proceeding to which UAMPS is a party and which in the opinion of the Trustee has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of Bondowners and shall do so if requested in writing by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

*Section 7.05. Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business or assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become a successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of the Trustee or UAMPS, anything herein to the contrary notwithstanding.

*Section 7.06. Concerning Any Successor Trustee.* Every successor Trustee appointed hereunder shall enter into a Supplemental Indenture with UAMPS accepting such appointment and shall deliver a copy thereof to the predecessor Trustee and thereupon such successor, without



any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the Written Request of UAMPS, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its or his successor. Should any instrument in writing from UAMPS be required by any successor Trustee for more fully and certainly vesting in such successor the estates, properties, rights, powers, trusts, duties and obligations hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by UAMPS. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to the provisions of Section 7.07.

*Section 7.07. Compensation of the Trustee and Its Lien.* UAMPS covenants and agrees to pay to the Trustee from time to time and the Trustee shall be entitled to, reasonable compensation and, except as otherwise expressly provided, UAMPS covenants and agrees to pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ including but not limited to any Paying Agent, Transfer Agent or Depositary) except any such expense, disbursement or advance as may arise from its negligence or bad faith. UAMPS also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of UAMPS under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of the Indenture. Such additional indebtedness shall be secured by a lien prior to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Owners of particular Bonds.

*Section 7.08. Appointment of Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State of Utah) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested

in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from UAMPS be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such estates, properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by UAMPS. In case any separate trustee or co-trustee, or a successor to either of them shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

*Section 7.09. Appointment, Duties and Term of Remarketing Agent.* UAMPS may pursuant to a Supplemental Indenture appoint one or more Remarketing Agents from time to time to purchase or remarket Bonds that are subject to tender for purchase from time to time by the Owner thereof.

*Section 7.10. Appointment, Duties and Term of Additional Transfer Agents.* UAMPS may appoint one or more Transfer Agents from time to time in addition to the Trustee to transfer and authenticate Bonds. Each appointment of a Transfer Agent other than the Trustee shall be made pursuant to a Supplemental Indenture which shall, among other things, specify the duties, qualifications and term of such Transfer Agent and the conditions under which such Transfer Agent may resign, be removed or be replaced. Each Transfer Agent other than the Trustee shall signify its acceptance of the duties imposed upon it pursuant to the Indenture by depositing with UAMPS and the Trustee a written acceptance of such duties, together with a certificate stating that the Transfer Agent is duly qualified to perform such duties under the terms of the Indenture and under all applicable local, state and federal laws.

*Section 7.11. Appointment of Auction Agents, Market Agents and Broker-Dealers.* UAMPS may from time to time, pursuant to a Supplemental Indenture, appoint one or more Auction Agents, Market Agents, Broker-Dealers, or other agents in connection with the determination of an Auction Rate or the marketing or remarketing of Bonds subject to an Auction Rate.

## **ARTICLE VIII**

### **SUPPLEMENTAL INDENTURES**

*Section 8.01. Amendments Permitted.* (a) UAMPS and the Trustee may from time to time and at any time enter into a Supplemental Indenture modifying or amending the Indenture or any Supplemental Indenture and the rights and obligations of UAMPS, the Trustee and of the Owners of the Bonds pursuant to the affirmative vote at a meeting of Bondowners, or with the

written consent without a meeting, (1) (A) of the Owners of at least a majority in principal amount of the Bonds then Outstanding, or (B) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and then Outstanding, and (2) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Owners of at least 60% in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and then Outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Owners of Bonds of such Series shall not be required and Bonds of such Series shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

(b) UAMPS and the Trustee may from time to time and at any time enter into a Supplemental Indenture modifying or amending the Indenture or any Supplemental Indenture and the rights and obligations of UAMPS and the Owners of the Bonds, without the consent of any Bondowners for any of the following purposes:

(1) to provide additional covenants and agreements of UAMPS to those therefor contained in the Indenture;

(2) to surrender any right or power reserved to or conferred upon UAMPS by the Indenture;

(3) to limit the principal amount of Bonds that may be issued under the Indenture;

(4) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as UAMPS may deem necessary or desirable, and which, in accordance with Section 12.07, shall not adversely affect the interests of the Owners of the Bonds;

(5) to provide for the issuance of a Series of Bonds, the execution of a Swap Agreement or the issuance or occurrence of Subordinated Indebtedness in accordance with the provisions of Article II;

(6) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provision of law;

(7) to make any change which, in accordance with Section 12.07 and in the judgment of the Trustee, shall not materially adversely affect the rights or interests of the Owners of any Outstanding Bonds requested by a Rating Agency in order to obtain or maintain any rating on the Bonds;

(8) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code (or any successor provision of law) or interpretations thereof by the Internal Revenue Service, or (B) to comply with the provisions of Section 148(f) of the Code (or any successor provision of law), including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America;

(9) to evidence the appointment of a successor Trustee;

(10) if the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, *provided* that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the issuer of such Security Instrument;

(11) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the issuer of such Security Instrument, *provided* that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(12) to the extent permitted by a Supplemental Indenture authorizing a Series of Additional Bonds (or Bond Anticipation Notes), the designation of additions, improvements and extensions to the Payson Power Project as Additional Facilities by such Supplemental Indenture may be modified or amended if UAMPS delivers to the Trustee an Engineer's Certificate to the effect that such modification or amendment will not adversely impact UAMPS' ability to perform the covenants contained in Section 6.10;

(13) to change or modify the Initial Facilities or the designation of the properties, facilities, improvements and equipment as Initial Facilities, and in connection therewith UAMPS may enter into amended or additional Power Sales Contracts, upon submission to the Trustee of: (i) a Supplemental Indenture designating the facilities to comprise the Initial Facilities, (ii) an Opinion of Counsel of nationally recognized bond counsel to the effect that such change to the Initial Facilities and such amended or additional Power Sales Contracts, if any, will not adversely affect the validity of any Bonds previously issued and then Outstanding or the exclusion from federal gross income of the interest thereon, if any, (iii) a Written Certificate of UAMPS setting forth the Estimated Completion Date and the estimated Cost of Construction of the changed Initial Facilities, and certifying that such changes, and the execution of any additional Power Sales Contracts, will not adversely affect UAMPS' ability to comply with the provisions of the Indenture, particularly Section 6.10, (iv) a Written Certificate of UAMPS certifying compliance with the provisions of the Power Sales Contracts in connection with the changes to the Initial Facilities and the execution of any amended or additional Power Sales Contracts, (v) a confirmation from each Rating Agency then maintaining a rating on any Outstanding Bonds that the changes to the Initial Facilities and execution of

any amended or additional Power Sales Contracts will not adversely affect its rating on such Bonds, and (vi) if UAMPS enters into any amended or additional Power Sales Contracts, (A) a copy of each amended or additional Power Sales Contract, (B) a revised Schedule I to the Power Sales Contracts, and (C) an Opinion of Counsel of nationally recognized bond counsel to the effect that such amended or additional Power Sales Contracts constitute the valid and binding obligation of UAMPS and the Participants, and are enforceable in accordance with their terms; and [As amended by the Fourth Supplemental Trust Indenture.]

(14) in connection with the acquisition or construction of any Additional Facilities, UAMPS may enter into amended or additional Power Sales Contracts, upon submission to the Trustee of: (i) a Supplemental Indenture designating the facilities to comprise the Additional Facilities, (ii) an Opinion of Counsel of nationally recognized bond counsel to the effect that such amended or additional Power Sales Contracts, if any, will not adversely affect the validity of any Bonds previously issued and then Outstanding or the exclusion from federal gross income of the interest thereon, if any, (iii) a Written Certificate of UAMPS certifying that such execution of amended or additional Power Sales Contracts will not adversely affect UAMPS' ability to comply with the provisions of the Indenture, particularly Section 6.10, (iv) a Written Certificate of UAMPS certifying compliance with the provisions of the Power Sales Contracts in connection with such execution of amended or additional Power Sales Contracts, (v) a confirmation from each Rating Agency then maintaining a rating on any Outstanding Bonds that such execution of amended or additional Power Sales Contracts will not adversely affect its rating on such Bonds, (vi) a copy of each amended or additional Power Sales Contract, (vii) a revised Schedule I to the Power Sales Contracts, and (viii) an Opinion of Counsel of nationally recognized bond counsel to the effect that such amended or additional Power Sales Contracts constitute the valid and binding obligation of UAMPS and the Participants, and are enforceable in accordance with their terms. [As amended by the Fourth Supplemental Trust Indenture.]

No modification or amendment shall be permitted pursuant to paragraph (10), (11) or (12) unless UAMPS delivers to the Trustee an Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment.

(c) No modification or amendment permitted by this Section shall (1) extend the fixed maturity of any Bond, or reduce the principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (3) without its written consent thereto, modify any of the rights or obligations of the Trustee.

(d) Each Supplemental Indenture authorized by this Section shall become effective as of the date of its execution and delivery by UAMPS and the Trustee or such later date as shall be specified in such Supplemental Indenture.

*Section 8.02. Bondowners' Meetings.* (a) The Trustee may, and upon the Written Request of UAMPS or the Owners of a majority in principal amount of the Bonds then Outstanding, the Trustee shall, at any time, call a meeting of the Owners of Bonds, to be held at such place as may be selected by the Trustee and specified in the notice calling such meeting. Written notice of such meeting, stating the time and place of the meeting and in general terms the business to be submitted, shall be mailed by the Trustee, postage prepaid, not less than 30 nor more than 60 days before such meeting, to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the Bond registration books kept pursuant to Section 3.05. The cost and expense of the giving of such notice shall be borne by UAMPS, and the Trustee shall be reimbursed by UAMPS for any expense incurred by it.

(b) Prior to calling any meeting of the Owners of Bonds, the Trustee shall adopt regulations for the holding and conduct of such meeting, and copies of such regulations shall be filed at the principal corporate trust office of the Trustee and at the office of UAMPS and shall be open to the inspection of all Bondowners. The regulations shall include such provisions as the Trustee may deem advisable for evidencing the ownership of Bonds, for voting in person or by proxy, for the selection of temporary and permanent officers to conduct the meeting and inspectors to tabulate and canvass the votes cast thereat, the adjournment of any meeting and the records to be kept of the proceedings of such meeting, including rules of order for the conduct of such meeting and such other regulations as, in the opinion of the Trustee, may be necessary or desirable.

(c) No resolution adopted by such meeting of Bondowners shall be binding unless and until UAMPS and the Trustee have entered into a valid Supplemental Indenture containing the modifications or amendments authorized by the resolution adopted at such meeting. Such Supplemental Indenture shall become effective upon the filing with the Trustee of the resolution adopted at such meeting and the execution and delivery of such Supplemental Indenture by UAMPS and the Trustee.

*Section 8.03. Amendment by Vote or Written Consent.* UAMPS and the Trustee may from time to time enter into one or more Supplemental Indentures amending and supplementing the provisions of the Bonds or of the Indenture or any Supplemental Indenture, to the extent that such an amendment is permitted by this Article, to become effective when and as approved by the affirmative vote or written consent of the Bondowners and as provided in this Section. Such Supplemental Indenture, except any such Supplemental Indenture entered into pursuant to Section 8.01(b), shall not be effective unless (1) such Supplemental Indenture shall have been approved by an affirmative vote of the Owners of the requisite majority in principal amount of the Bonds, or (2) there shall have been filed with UAMPS or the Trustee the written consents of the necessary number of Owners of the Bonds then Outstanding and a notice shall have been published as hereinafter in this Section provided. It shall not be necessary for any vote or consent under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such vote or consent shall approve the substance thereof.

Each vote or consent of a Bondowner shall be effective only if accompanied by proof of ownership of the Bonds for which such vote or consent is given, which proof shall be such as is permitted by Section 12.04. Any such vote or consent shall be binding upon the Owner of the Bonds voting or giving such consent and on any subsequent Owner thereof (whether or not such subsequent Owner has notice thereof) unless such vote or consent is revoked in writing by the Owner of the Bonds voting or giving such consent or a subsequent Owner thereof by filing such revocation with UAMPS prior to the date when the notice hereinafter in this Section provided for has been mailed. Notice of the fact that UAMPS and the Trustee have entered into such Supplemental Indenture shall be mailed by UAMPS to Bondowners (but failure to mail copies of such notice shall not affect the validity of the Supplemental Indenture when assented to by the requisite percentage of the Owners of the Bonds as aforesaid).

*Section 8.04. Disqualified Bonds.* Bonds owned or held by or for the account of UAMPS shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds in this Article provided for, and neither UAMPS nor any owner or Owner of such Bonds shall be entitled to vote or consent to, or to take, any other action provided for in this Article.

*Section 8.05. Effect of Modification or Amendment.* When any Supplemental Indenture modifying or amending the provisions of the Indenture or any Supplemental Indenture shall become effective, as provided in this Article, the Indenture or such Supplemental Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Indenture or such Supplemental Indenture of UAMPS, the Trustee and all Owners of Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Indenture or the modified or amended Supplemental Indenture for any and all purposes.

*Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments.* UAMPS or the Trustee may determine that Bonds executed and delivered after the effective date of a Supplemental Indenture entered into by UAMPS and the Trustee as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by UAMPS, as to the modification or amendment provided for by such Supplemental Indenture. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or at such other office as UAMPS may select and designate for that purpose, a suitable notation shall be made on such Bond. UAMPS may determine that new Bonds, so modified as in the opinion of UAMPS is necessary to conform to such Supplemental Indenture, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bond then Outstanding, such new Bonds shall be exchanged at the principal corporate trust office of the Trustee without cost to any Bondowner, for Bonds then Outstanding, upon surrender of such Bonds.

*Section 8.07. Trustee Reliance on Opinion of Counsel.* Before entering into any Supplemental Indenture authorized by this Article VIII, the Trustee shall be entitled to receive, and shall be fully protected in relying on, an Opinion of Counsel to the effect that any such

Supplemental Indenture is authorized or permitted by this Article VIII, and that its execution and delivery complies with terms of this Indenture.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

*Section 9.01. Events of Default.* The occurrence of one or more of the following events shall constitute an “Event of Default”:

(a) failure by UAMPS to make the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) failure by UAMPS to make the due and punctual payment of any installment of interest on any Bond or any Sinking Fund Installment when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) failure by UAMPS to observe any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and failure to remedy the same for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to UAMPS by the Trustee, or to UAMPS and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; or

(d) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of Title 11, United States Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against UAMPS and, if instituted against UAMPS, said proceedings are consented to or are not dismissed within 30 days after such institution *provided, however*, that such event shall not constitute an Event of Default unless in addition, (i) UAMPS is unable to meet its debts with respect to the Payson Power Project as such debts become due or (ii) any plan of adjustment or other action in such proceeding would affect in any way the Revenues or the Payson Power Project.

*Section 9.02. Acceleration.* (a) Upon the occurrence of an Event of Default, unless the principal of all the Bonds shall have already become due and payable:

(1) the Trustee may, or

(2) upon receipt of the written request of the Owners of not less than 25% of the aggregate principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with



respect to the rights of the Owners of such Bonds), the Trustee shall, declare upon notice in writing to UAMPS the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration such principal and interest shall be immediately due and payable, notwithstanding anything to the contrary contained in the Indenture or in the Bonds; *provided* that with respect an Event of Default described in Section 9.01(a) or (b) relative to any Series of Bonds Outstanding secured by a Security Instrument which is in full force and effect and not in default on any payment obligation thereunder, no acceleration of such Series of Bonds shall occur without the written consent of the issuer of such Security Instrument.

(b) The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, all overdue installments of interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by UAMPS under the Indenture (except the principal of, and interest accrued since the next preceding interest payment date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by UAMPS or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Owners of such Bonds), by written notice to UAMPS and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Owners representing not less than 25% in aggregate principal amount of the Bonds at the time Outstanding at the time of such request, and if there shall not have been theretofore delivered to the Trustee written request to the contrary by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Owners of such Bonds), then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

*Section 9.03. Accounting and Examination of Records after Default.* UAMPS covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of UAMPS and all other records of UAMPS relating to the Payson Power Project shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys. UAMPS covenants that if an Event of Default shall happen and shall not have been remedied, UAMPS, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as shall be stated in such demand.

*Section 9.04. Application of Revenues and Other Moneys after Default.* (a) During the continuance of an Event of Default, the Trustee shall apply the Revenues, the Funds and other moneys, securities and funds and the income therefrom as follows and in the following order,

provided that moneys held in any Series Subaccount in the Debt Service Account or in the Debt Service Reserve Account or received under any Security Instrument shall not be used for purposes other than payment of the interest and principal or Redemption Price then due on the Series of Bonds corresponding to such Series Subaccount or such Security Instrument in accordance with paragraph (3) of this Section:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee and the reasonable fees and disbursements of its counsel;

(2) to the payment of the Operation and Maintenance Costs; and

(3) to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(A) unless the principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(b) If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by

UAMPS under the Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of UAMPS, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to UAMPS all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon UAMPS and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to UAMPS by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

*Section 9.05. Rights and Remedies of Bondowners.* (a) No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

- (i) such Owner has previously given written notice to the Trustee of a continuing Event of Default;
- (ii) the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (iii) such Owners have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- (iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and
- (v) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other such parties, or to obtain or to seek to obtain priority or preference over any other such parties or to enforce any right under the Indenture, except in the manner herein and therein provided and for the equal and ratable benefit of all such parties in accordance with the provisions of the Indenture.

(b) Notwithstanding any other provision in the Indenture, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of, Redemption Price and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit

for the enforcement of any such payment. Such right to receive payment shall not be impaired without the consent of such Owner.

(c) The Owners of a majority of the principal amount of the Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, *provided that*:

(i) such direction shall not be in conflict with any rule of law or the Indenture,

(ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction, and

(iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

*Section 9.06. Appointment of Receiver.* Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the trust estate created hereby, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments shall confer.

*Section 9.07. Non-Waiver.* Nothing in this Article or in any other provision of the Indenture or in the Bonds shall affect or impair the obligation of UAMPS, which is absolute and unconditional, to pay the principal and Redemption Price of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Revenues, Funds and other moneys, securities and funds herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or to the Owners of Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trustee and the Owners of the Bonds.

*Section 9.08. Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or to the Owners of Bonds is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Trustee or the Owner of any one or more of the Bonds. Nothing herein contained shall permit the levy of any attachment or execution upon any of the properties of UAMPS, nor shall any properties of UAMPS be subject to forfeiture by reason of any default hereunder, it being expressly

understood and agreed by each and every Bondowner by the acceptance of any Bond that the rights of all such Bondowners are limited and restricted to the use and application of Revenues, Funds and other moneys, securities and funds pledged under the Indenture in accordance with the terms of the Indenture.

## ARTICLE X

### DEPOSITS AND INVESTMENT OF FUNDS

*Section 10.01. Deposits.* (a) All moneys held by the Trustee under the provisions of the Indenture shall be deposited with the Trustee. All moneys held by UAMPS under the Indenture shall be deposited in one or more Depositaries in the name of UAMPS. All moneys deposited under the provisions of the Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds established by the Indenture shall be a trust fund for the purposes thereof.

(b) Each Fiduciary (other than the Trustee) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having deposits insured by an agency of the United States of America, having capital stock, undivided profits and surplus aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Indenture. Each Fiduciary (other than the Trustee) shall signify its acceptance of the duties imposed upon it pursuant to the Indenture by depositing with the Trustee a written acceptance of such duties, together with a certificate stating that it is duly qualified to perform such duties under the terms of the Indenture and under all applicable local, state and federal laws.

(c) All Revenues and other moneys held by any Fiduciary under the Indenture may be placed on demand or time deposit, if and as directed by UAMPS, *provided* that such deposits shall permit the moneys so held to be available for use at the time when needed. The Trustee shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to the Indenture. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by UAMPS and acceptable to such Fiduciary, on time deposit, *provided* that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(d) All moneys deposited with the Trustee and each Fiduciary shall be credited to the particular Fund or account to which such moneys belong; *provided, however*, nothing herein contained shall prohibit UAMPS from directing the Trustee or a Fiduciary by a Written Request of UAMPS to make inter-Fund or account transfers of investments at the market value of the investments so transferred, as such market value shall be determined by UAMPS at the time of

transfer and set forth in the Written Request. The Trustee shall be entitled to rely on the determination set forth in the Written Request.

*Section 10.02. Investment of Funds.* (a) Moneys held in any Fund or account shall be invested and reinvested by UAMPS or the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or account and which are of a suitable quality at the time of such investment for such Fund or account, subject to the following:

(1) the Trustee shall make such investments only in accordance with instructions received from an Authorized Officer of UAMPS;

(2) any Supplemental Indenture authorizing a Series of Bonds may impose additional restrictions on moneys held in any Fund or account; and

(3) moneys in two or more Funds or Accounts may be commingled in one or more Investment Securities, provided that UAMPS or the Trustee, as applicable, shall maintain such books and records as are necessary to account separately for the investment of each Fund and Account established hereunder.

(b) Subject to any required rebate of earnings on investments in any Fund or account to the United States of America pursuant to Section 148(f) of the Code and except as otherwise provided in a Supplemental Indenture establishing a Project Account or a Series Subaccount: (i) all moneys earned as an investment of moneys in each Project Account in the Construction Fund shall be retained in such Project Account; (ii) net income earned on any moneys or investments in the Revenue Fund, the Operation and Maintenance Fund, the Debt Service Account and the Stabilization Fund shall be transferred to the Revenue Fund; (iii) whenever a Series Subaccount in the Debt Service Reserve Account is in its full required amount, net income earned on any moneys or investments therein shall be transferred to the Revenue Fund as provided in Section 5.07(c), otherwise, to be retained therein.

*Section 10.03. Arbitrage Covenant.* UAMPS covenants that moneys on deposit in any Fund, whether or not such moneys were derived from proceeds of sales of Bonds or from any other sources, will not be used in a manner which will cause any Bonds, the interest on which is to be exempt from federal income taxation under the Code, to be “arbitrage bonds” within the meaning of Section 148 of the Code; *provided, however*, that this covenant shall not prevent the issuance of a Series of Bonds the interest on which is subject to Federal income taxation under the Code.

## **ARTICLE XI**

### **DEFEASANCE**

*Section 11.01. Discharge of Indebtedness.* (a) If UAMPS shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Indenture

with respect to a Series of Bonds, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Revenues and other moneys, securities and Funds pledged under the Indenture and all covenants, agreements and other obligations of UAMPS to the Bondowners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by UAMPS to be prepared and filed with UAMPS and, upon the request of UAMPS, shall execute and deliver to UAMPS all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to UAMPS all moneys or securities held by them pursuant to the Indenture which are not required for the payment of principal or Redemption Price, if applicable, and interest on Bonds not theretofore surrendered for such payment or redemption. If UAMPS shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any Outstanding Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of UAMPS to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Fiduciaries (through deposit by UAMPS of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds. Subject to any further conditions in a Supplemental Indenture with respect to a Series of Bonds, all or any portion of the Bonds of any Series or maturity shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, UAMPS shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event said Bonds do not mature, are not redeemable or are not to be redeemed, in each case within the next succeeding 90 days, UAMPS shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Owners of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; *provided* that any cash

received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to UAMPS, as received by the Trustee, free and clear of any trust, lien or pledge.

*Section 11.02. Unclaimed Moneys.* Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for four years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the Written Request of UAMPS, be repaid by the Fiduciary to UAMPS, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to UAMPS for the payment of such Bonds; *provided, however*, that before being required to make any such payment to UAMPS, the Fiduciary shall, at the expense of UAMPS, cause to be published at least twice, at an interval of not less than seven days between publications, in a Financial Newspaper or Journal of general circulation in New York, New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to UAMPS.

## ARTICLE XII

### MISCELLANEOUS

*Section 12.01. Limited Liability of UAMPS.* Notwithstanding anything in the Indenture contained, UAMPS shall not be required to advance any moneys derived from any source of income other than the Revenues and other moneys, securities and Funds pledged under the Indenture for the payment of the principal or Redemption Price of or interest on the Bonds or for the operation and maintenance of the Payson Power Project. Nevertheless, UAMPS may, but shall not be required to, advance for any of the purposes hereof any funds of UAMPS which may be available to it for such purposes.

*Section 12.02. Benefits of Indenture Limited to Parties.* Nothing in the Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or entity, other than UAMPS, the Trustee, any Paying Agent, any Transfer Agent, any Remarketing Agent, any Auction Agent, any Market Agent, any Broker-Dealer, any Depositary, any Fiduciary or the Owners of the Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of UAMPS shall be for the



sole and exclusive benefit of the Trustee, the Paying Agents, any Transfer Agent, any Remarketing Agent, any Depositary, any Fiduciary or the Owners of the Bonds.

*Section 12.03. Successor is Deemed Included in All References to Predecessor.* Whenever in the Indenture UAMPS, the Trustee, any Paying Agent, any Transfer Agent, any Remarketing Agent, any Auction Agent, any Market Agent, any Broker-Dealer, any Depositary or any Fiduciary is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of UAMPS, the Trustee, any Transfer Agent, any Paying Agent, any Remarketing Agent, any Auction Agent, any Market Agent, any Broker-Dealer, any Depositary or any Fiduciary shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

*Section 12.04. Execution of Documents by Bondowners.* Any request, declaration or other instrument which the Indenture may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor, and shall be executed by Bondowners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided, the fact and date of the execution by any Bondowner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of the Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Bond register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by UAMPS or the Trustee in good faith and in accordance therewith or in reliance thereon.

*Section 12.05. Waiver of Notice.* Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

*Section 12.06. Cremation or Destruction of Cancelled Bonds.* Whenever in the Indenture provision is made for the surrender to UAMPS of any Bonds which have been paid or cancelled pursuant to the provisions of the Indenture, UAMPS may, by a Written Request of UAMPS, but shall not unless otherwise provided by law be required to, direct the Trustee to cremate or destroy such Bonds and to furnish to UAMPS a certificate of such cremation or destruction.

*Section 12.07. Determination of Whether Bondowners are Adversely Affected.* In determining whether the rights of the Bondowners will be adversely affected by any action taken

pursuant to the terms and provisions of the Indenture, the Trustee shall consider the effect on the Bondowners as if there were no Security Instrument in place with respect to any Series of Bonds.

*Section 12.08. Governing Law.* The Indenture shall be governed by and construed in accordance with the laws of the State of Utah.

*Section 12.09. System of Registration.* This Indenture shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended.

*Section 12.10. Partial Invalidity.* If any one or more of the covenants or agreements, or portions thereof, provided in the Indenture to be performed shall be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Bondowners shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

*Section 12.11. Notices.* (a) Except as otherwise provided herein, all notices, requests, demands and other communications required or permitted under this Indenture shall be deemed to have been duly given if delivered or mailed, first class, postage prepaid, as follows:

- (i) If to UAMPS:  
Utah Associated Municipal Power Systems  
150 North 400 West, Suite 480  
Salt Lake City, Utah 84103  
Attention: General Manager
- (ii) If to the Trustee:  
Zions First National Bank  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133-1109  
Attention: Corporate Trust Department

or to such other person or addresses as the respective party hereafter designates in writing to UAMPS and the Trustee.

(b) Any Bondowner or, in the case of Bonds issued in book-entry form, beneficial owner, of \$1,000,000 or more in principal amount of the Bonds may direct the Trustee in writing to deliver a copy of any notice to be given by the Trustee under this Indenture or the Supplemental Indenture providing for the issuance of such Bonds to such Bondowner or beneficial owner at such address as may be designated in such written direction.

*Section 12.12. Counterparts.* This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Utah Associated Municipal Power Systems has caused this Indenture to be executed by its Chairman and its official seal to be hereunto affixed and attested by its Secretary, and to evidence its acceptance of the trusts hereby created, Zions First National Bank, has caused this Indenture to be executed by its Trust Officer, its official seal to be hereunto affixed and attested by its Trust Officer, all as of the date first written above.

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By: /s/ Ted L. Olsen  
Chairman

[SEAL]

ATTEST:

By: /s/ Gary A. Aitken  
Secretary

ZIONS FIRST NATIONAL BANK, as Trustee

By: /s/ Carl J. Mathis  
Trust Officer

[SEAL]

ATTEST:

By: /s/ [signature on file]  
Trust Officer