

fied properties as shall have continued to be specially classified properties within the meaning of that term as defined in Section 5 hereof, used as a basis of the release from the lien of this Indenture of property (other than specially classified properties), acquired or constructed by the Company after April 10, 1926, and used as a basis for the authentication and delivery of bonds or withdrawal of cash or release of property under any of the provisions of this Indenture, shall exceed twenty-five per centum (25%) of the aggregate principal amount of all bonds authenticated and delivered hereunder to the date of such application, including those applied for (except bonds authenticated and delivered under the provisions of Section 34 hereof).

The Trustee shall assume that any specially classified properties which shall have formed the basis of the authentication and delivery of bonds or withdrawal of cash, have continued to be specially classified properties until the Trustee shall have received an engineer's certificate, as defined in Section 3 hereof, to the contrary. Thereafter such specially classified properties shall no longer be subject to any of the restrictions in this Indenture contained with respect to specially classified properties. If at any time and from time to time, by reason either of the specially classified properties no longer continuing as such or an increase in the aggregate amount of bonds authenticated and delivered under this Indenture, there shall be a change in the amount of bonds which may be authenticated and delivered within the limitation prescribed by this Section, then any bonds which might have been authenticated and delivered but for such limitation, may be authenticated and delivered subject to such limitation as fixed by such change, and the Trustee in such event shall authenticate and deliver such bonds upon request of the Company, but only after the Trustee shall have received a resolution, a Treasurer's certificate, a net earnings certificate and an opinion of counsel (such as are described in subdivisions (1), (2), (3) and (4) of Section 35 hereof) together with the officially authenticated certificates or other documents, if any, described in such opinion of counsel.

Section 33. No application by the Company to the Trustee for the authentication and delivery of bonds upon the basis of permanent improvements or additions shall be granted by the Trustee, until the Trustee shall have received:

(1) A resolution, as defined in Section 3 hereof, requesting the Trustee to authenticate and deliver bonds, (a) specifying the principal amount of bonds called for, the series thereof and any other matters with respect thereto required or permitted by this Indenture, and (b) specifying the officer or officers of the Company to whom, or upon whose written order, such bonds shall be delivered.

(2) A Treasurer's certificate, as defined in Section 3 hereof, stating that the Company is not to the knowledge of the signers in default under any of the provisions of this Indenture.

(3) An engineer's certificate, as defined in Section 3 hereof, made and dated not more than ninety (90) days prior to the date of making of such application, describing the permanent improvements or additions made the basis of the application in reasonable detail, stating that they are permanent improvements or additions, as defined in Section 4 hereof, that they are desirable for use in the proper conduct of the Company's business, and that they do not consist in whole or in part of properties which under the provisions of Section 28 hereof are not permitted to be made the basis of the authentication and delivery of bonds and that except to the extent in said certificate specified they do not consist of specially classified properties as in Section 5 hereof defined; stating, except as to permanent improvements or additions acquired, made or constructed wholly through the issue or delivery of securities, the amount of cash forming all or part of the cost thereof; further stating, with respect to any permanent improvements or additions acquired, made or constructed in whole or in part through the issue or delivery of securities, the amount of any cash forming part of the cost thereof, and briefly describing the securities so issued or delivered; further stating, except as to permanent improvements or additions of the character specified in Subdivision (4) of this Section, that the then fair value to the Company of such permanent improvements or additions is not less than the cost thereof, or if the cost thereof is in excess of such fair value then such fair value thereof; further specifying the nature and extent of any prior liens, as defined in Section 6 hereof, existing upon any of the permanent improvements or additions and the amount thereof, and whether or not other permanent improvements or additions subject to the same prior liens have theretofore been made the basis of the authentication and delivery of bonds under this Article VI, or the withdrawal of cash or the release of property under any of the provisions of this Indenture; and stating what part, if any, of such permanent improvements or additions consists of property which has been used or operated by others than the Company in the public utility business. If any such permanent improvements or additions have been used or operated by others than the Company in the public utility business, the amount of cash stated to form part of the cost thereof may include the amount of cash forming part of the cost of any rights and intangible property simultaneously acquired with the same for which no separate or distinct consideration shall have been paid or apportioned, and in such case the term permanent improvements or additions as defined herein may include such rights and intangible property.

(4) In case any permanent improvements or additions are shown by the engineer's certificate provided for in Subdivision (3) above to consist of property which has been used or operated by others than the Company in the public utility business, a further and independent engineer's certificate, as defined in Section 3 hereof, stating in his opinion the then fair value to the Company of such permanent improvements or additions together with his report thereon which shall contain a brief statement of the conditions governing the signer's determination of such fair value and a brief statement of the condition, serviceability and location of such permanent improvements or additions.

(5) In case any permanent improvements or additions are shown by the engineer's certificate provided for in Subdivision (3) above to have been acquired, made or constructed by the Company in whole or in part through the issue or delivery of securities, a written appraisal of an appraiser or other competent person or firm, to be selected by the Trustee and approved by the Board of Directors or Executive Committee of the Company, stating the fair market value in cash of such securities at the time of the issue or delivery thereof in payment for or for the acquisition of such permanent improvements or additions. If any such permanent improvements or additions are shown to consist of property of the character specified in Subdivision (4) above, the appraised value of the securities stated to have been issued or delivered in payment therefor or for the acquisition thereof may include the value of any portion of the securities issued or delivered for any rights and intangible property simultaneously acquired with the same, for which no separate or distinct consideration shall have been paid or apportioned, and in such case the term permanent improvements or additions as defined herein may include such rights and intangible property.

(6) A net earnings certificate, as defined in Section 8 hereof, showing the earnings of the Company to be as required by Section 31 hereof.

(7) An opinion of counsel, as defined in Section 3 hereof, specifying the instruments of conveyance, assignment and transfer necessary to vest in the Trustee, to hold as part of the mortgaged and pledged property hereunder, all the right, title and interest of the Company in and to the permanent improvements or additions made the basis of the application, or stating that no such instruments are necessary for such purpose, and also stating the signer's opinion to the effect (a) that (except as to paving, grading and other improvements to public highways), this Indenture is or, upon the delivery of the instruments of conveyance, assignment or transfer mentioned in said opinion, will be a lien on the permanent improvements or additions forming the basis of such application, subject to no lien, charge or incumbrance thereon, except taxes for the then current year and taxes and assessments not then due, the lien of the underlying mortgage as defined in Section 7 hereof, prior liens as defined in Section 6 hereof and such liens not assumed by the Company as may exist upon real estate or rights in or relating to real estate acquired by the Company for substation, transmission line or right of way purposes and included in the permanent improvements or additions made the basis of the application; (b) that the Company has corporate authority and all necessary permission from governmental authorities to own and, except as to properties of the character specified in Section 5 hereof, to operate the permanent improvements or additions in respect of which the application is made to a date not earlier than the maturity date of the bonds the authentication and delivery of which are being applied for; (c) that in the signer's opinion the issue of the bonds, the authentication and delivery of which are being applied for has been duly authorized by the Company and by any and all governmental authorities the consent of which is requisite to the legal issue of such bonds, or that no consent of any governmental authorities is requisite to the legal issue of such bonds; and (d) that the nature, extent and amount of prior liens, of any, mentioned in the accompanying engineer's certificate, are correctly stated. Unless such opinion shall show that no consent of any governmental authorities is requisite to the legal issue of the bonds, the authentication and delivery of which are being applied for, it shall specify any officially authenticated certificates, or other documents, by which such consent is or may be evidenced.

(8) The instruments of conveyance, assignment and transfer, if any, and the officially authenticated certificates or other documents, of any, described in the opinion of counsel provided for in Subdivision (7) above.

#### ARTICLE VII.

##### *Issuance of Bonds Upon Retirement of Bonds Previously Outstanding Hereunder.*

Section 34. Whenever bonds authenticated and delivered hereunder are paid, retired, redeemed, canceled or surrendered to the Trustee for cancellation (except when canceled pursuant to the provisions of Section 65 or 67 hereof or pursuant to the operation of any sinking fund or other similar device, if any, hereafter created for all or any series of bonds issued hereunder or through use by the Trustee of funds representing the proceeds of insurance or released property or of cash deposited under Article VIII or under Section 43 or Section 55 hereof), the Trustee, upon the request of the Company evidenced by a resolution such as is described in Subdivision (1) of Section 33 hereof and upon receipt of a Treasurer's certificate and an opinion of counsel such as are described in Subsections (2) and (4) respectively of Section 35 hereof) together with