

the officially authenticated certificates or other documents, if any, described in such opinion of counsel) shall authenticate and deliver additional bonds in principal amount equivalent to the principal amount of the bonds so paid, retired, redeemed or canceled; provided, however, that when bonds authenticated and delivered hereunder by the Trustee, but never issued by the Company, are canceled, the Trustee shall not authenticate and deliver additional bonds pursuant, to the provisions of this Section in lieu of such bonds so canceled, bearing interest at a higher rate per annum than the bonds so canceled, unless the Trustee shall also have received a net earnings certificate such as is defined in Section 8 hereof, showing the earnings of the Company to be as required by Section 31 hereof.

ARTICLE VIII.

Issuance of Bonds Upon Deposit of Cash with Trustee.

Section 35. The Trustee shall from time to time upon the request of the Company authenticate and deliver bonds upon deposit with the Trustee by the Company of cash equal to the aggregate principal amount of the bonds so requested to be authenticated and delivered but only after the Trustee shall have received:

- (1) a resolution such as is described in Subdivision (1) of Section 33 hereof.
- (2) a Treasurer's certificate stating that the Company is not to the knowledge of the signers in default under any of the provisions of this Indenture.
- (3) a net earnings certificate such as is defined in Section 8 hereof, showing the earnings of the Company to be as required by Section 31 hereof.
- (4) an opinion of counsel to the effect that 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. 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.
- (5) the officially authenticated certificates, or other documents, if any, described in the opinion of counsel (provided for in subdivision 4).

Section 36. All cash deposited with the Trustee under the provisions of the next preceding Section hereof shall be held by the Trustee as a part of the mortgaged and pledged property, but whenever the Company shall become entitled to the authentication and delivery of bonds under any of the provisions of this Indenture (other than those contained in the next preceding Section) the Trustee, upon the application of the Company, evidenced by a resolution, shall pay over to the Company or upon its order, in lieu of each bond or fraction thereof to the delivery of which the Company may then be so entitled, a sum in cash equal to the principal amount of such bond or fraction thereof; provided, however, that for the purpose of withdrawing cash pursuant to the provisions of this Section, it shall in no case be necessary for the Company to deliver to the Trustee the resolution and certificate required by the Subdivisions (1) and (6) of Section 33 hereof, or such parts of the opinion described in Subdivision (7) of said Section 33 as relate solely to the authorization of issuance of bonds by governmental authorities and by the Company.

Section 37. If, at any time the Company shall so direct, any sums deposited with the Trustee under the provisions of Section 35 hereof may be withdrawn, used or applied in the manner and for the purposes and subject to the conditions provided in Section 67 hereof, except that reimbursement for expenditures incurred in acquiring, making or constructing permanent improvements or additions (as defined in Section 4 hereof), shall be permitted only to the extent of seventy-five per centum (75%) of such expenditures, instead of in full as provided in Section 67.

ARTICLE IX.

Particular Covenants of Company.

The Company hereby covenants as follows:

Section 38. That it is lawfully possessed of all the aforesaid mortgaged and pledged property; that it will maintain and preserve the lien of this Indenture so long as any of the bonds issued hereunder are outstanding; and that it has good right and lawful authority to mortgage and pledge the mortgaged and pledged property, as provided in and by this Indenture.

Section 39. That it will duly and punctually pay the principal of and interest on all the bonds outstanding hereunder, according to the terms thereof, and that, except as otherwise provided in Article XIX hereof, it will not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest upon any of the bonds and will not directly or indirectly be a party to or approve of any arrangement for any such extension by purchasing said coupons or claims or in any other manner. As the coupons annexed to said bonds are paid they shall be canceled.

Section 40. That it will keep an office or agency, while any of the bonds issued hereunder are outstanding, at any and all places in which the principal or interest of any of said bonds shall be payable, where notices, presentations and demands to or upon the Company in respect of such bonds or coupons as may be payable at such places or in respect of this Indenture may be given or made, and for the payment of the principal thereof and interest thereon. The Company will from time to time give the Trustee written notice of the location of such office or offices or agency or agencies, and in case the Company shall fail to maintain such office or offices or agency or agencies or to give the Trustee written notice of the location thereof, any such notice, presentation or demand in respect of said bonds or coupons or of this Indenture may be given or made, unless other provision is expressly made herein, to or upon the Trustee at its principal office in the Borough of Manhattan, City of New York, and the Company hereby authorizes such presentation and demand to be made to and such notice to be served on the Trustee in either of such events.

Section 41. That it will pay all taxes and assessments lawfully levied or assessed upon the mortgaged and pledged property, or upon any part thereof or upon any income therefrom, or upon the interest of the Trustee in the mortgaged and pledged property when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged and pledged property, and all covenants, terms and conditions upon or under which any of the mortgaged and pledged property is held; that it will not suffer any lien (other than the lien for taxes assessed but not then due and vendors liens and purchase money mortgages) to be hereafter created upon the mortgaged and pledged property, or any part thereof, or the income therefrom, prior to the lien of these presents, except any mortgage or other lien on any property hereafter acquired by the Company which may exist on the date of such acquisition and any liens not assumed by the Company upon real estate or rights in or relating to real estate acquired or held by the Company for substation, transmission line or right of way purposes and except the lien of the underlying mortgage and of the obligations constituting prior liens as herein defined, and within four months after the accruing of any lawful claims or demands for labor, materials, supplies or other objects, which if unpaid might by law be given precedence over this Indenture as a lien or charge upon the mortgaged or pledged property or the income thereof, it will pay or cause to be discharged or make adequate provision to satisfy or discharge the same; provided, however, that nothing in this Section contained shall require the Company to observe or conform to any requirement or governmental authority or to cause to be paid or discharged, or to make provision for, any such lien or charge, or to pay any such tax or assessment so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings and provided that such security for the payment of such lien, charge or tax shall be given as the Trustee may require; and that, save as aforesaid, it will not suffer any matter or thing whereby the lien hereof might or could be impaired.

Section 42. That it will keep all the mortgaged property insured against fire to the extent that property of similar character is usually insured by companies similarly situated and operating like properties, to a reasonable amount, by reputable fire insurance companies, any loss, except as to materials and supplies and except any loss less than Twenty-five thousand dollars (\$25,000), to be made payable to the Trustee as its interest may appear, or to the trustee under the underlying mortgage or to the trustee or other holder of any mortgage or other lien constituting a prior lien or a lien prior hereto, if required by the terms thereof; and, if so requested in writing by the Trustee, will, subject to the requirements of the underlying mortgage or of any mortgage constituting a prior lien or a lien prior hereto once in each year cause policies of insurance to be delivered to the Trustee for examination or inspection, which policies shall be returned to the Company within sixty (60) days from the date of the delivery to the Trustee, unless the Company shall then be in default to the knowledge of the Trustee under any of the provisions of this Indenture. There shall be deposited with the Trustee at such times as the Trustee may demand, a detailed statement signed by the Treasurer or an Assistant Treasurer of the Company of the insurance policies then outstanding and in force upon the aforesaid property, or any part thereof, including the names of the insurance companies which have issued the policies, the amounts thereof and the property covered thereby. The Trustee shall be under no obligation to make any such request or demand.

All moneys received by the Trustee as proceeds of any insurance against loss or damage shall, subject to the requirements of the underlying mortgage or of any mortgage constituting a prior lien or a lien prior hereto, be held by the Trustee and, subject as aforesaid, shall be returned by it to the Company to reimburse the Company for an equal amount spent by the Company in the rebuilding or renewal of the property de-