

proval is required, the opinion shall likewise specify any officially authenticated certificate or other document by which such authorization or approval is or may properly be evidenced.

§2.03. The Company shall not at any time make application for the authentication and delivery of any bonds unless its available net earnings, computed as below provided, for twelve consecutive calendar months within the fifteen calendar months immediately preceding the first day of the calendar month in which such application is made, shall have been at least equal to one and three-quarter times the amount of the annual interest charges on (a) all bonds outstanding under this Indenture, including the bonds applied for and (b) all outstanding prior lien bonds not held by the Trustee hereunder, exclusive of any prior lien bonds the payment or redemption of which shall have been provided for by any deposit made pursuant to §2.09; *provided, however*, that this §2.03 shall not apply to the authentication of bonds for refunding purposes pursuant to §2.09 if (1) the rate of interest to be borne by the bonds applied for is not higher than the rate of interest borne by the bonds to be refunded, or (2) the bonds to be refunded shall have been actually issued and disposed of for value by the Company more than one year prior to the date of the application, or (3) the application is made on the basis of the refunding of prior lien bonds.

The "available net earnings", for any specified period of twelve consecutive months, shall be computed by adding

(1) the total gross revenues for such period in any manner derived from the operation of the fixed properties of the Company subject to the lien of this Indenture; and

(2) all net non-operating income of the Company for said period, exclusive of profits or losses from the sale of fixed property of the Company; *provided, however*, that the total amount of net income included pursuant to this clause (2) shall not exceed an amount equal to 20% of the total available net earnings as herein defined after including such net income;

and by deducting from the sum so obtained

(3) the total expenses of the operation of said fixed properties subject to the lien of this Indenture for said period, including therein maintenance, taxes (other than Federal or State income taxes), rentals and insurance.

Expenditures or charges or credits to reserves for renewals and replacements, interest, amortization, sinking funds, depreciation or obsolescence need not be deducted as part of the operating expenses of the fixed properties subject to the lien of this Indenture.

In computing available net earnings, the Company shall be entitled to include in its total gross operating revenues and its total operating expenses the results of the operation of any additional property consisting of a plant or system previously operated as an electrical utility by others than the Company, notwithstanding that such additional property shall have been acquired by the Company during or subsequent to the period of twelve months for which the available net earnings are being computed; but in such event the results of such operation for the whole of such twelve months' period shall be included as nearly as may be possible in the same manner as if such property had been operated during said period by the Company.

§2.04. From time to time, upon application of the Company pursuant to this §2.04, together with the documents required by §2.02, the Trustee shall authenticate and deliver bonds to an aggregate principal amount which may be equal to but shall not exceed any amount of cash which the Company shall deposit with the Trustee pursuant to this §2.04; *provided*, that at no one time shall the amount of cash held by the Trustee pursuant to this §2.04 exceed \$5,000,000.

Cash so deposited shall constitute a part of the trust estate and shall from time to time, upon application of the Company, be paid by

the Trustee to or on the order of the Company to an amount or amounts equal to the aggregate principal amount of any bonds to the authentication and delivery of which the Company shall have become entitled under §2.05 or §2.09, and in lieu of such authentication and delivery; *provided, however*, that the Company shall not be required to furnish to the Trustee the documents specified in §2.02.

§2.05. From time to time, upon application of the Company pursuant to this §2.05 (together with the documents required by §2.02), the Trustee shall authenticate and deliver bonds to an aggregate principal amount which may be equal to, but shall not exceed, 75% of the aggregate of the net amounts of any additional properties (as defined in §2.08) which shall theretofore have been certified to the Trustee in accordance with §2.06. In case upon any application 75% of the aggregate of the net amounts of additional property so certified exceeds the principal amount of bonds requested to be authenticated and delivered on the basis thereof (or in lieu of the authentication and delivery of which any other action is requested to be taken pursuant to §§2.04, 2.07 or 5.08), then the balance remaining available may be carried forward to the next application pursuant to this §2.05.

§2.06. As conclusive evidence to the Trustee of the amount and character of additional property from time to time acquired or constructed by the Company, it shall furnish to the Trustee certificates signed and containing statements as follows (herein sometimes collectively referred to as "additional property certificates"):

(a) A certificate, signed in the name of the Company by its President or one of its Vice-Presidents or its Treasurer or one of its Assistant Treasurers, under its corporate seal attested by its Secretary or one of its Assistant Secretaries, stating in substance (1) that the Company has acquired or constructed, and has charged to its fixed capital accounts between stated dates, additional property which shall be described (sufficiently to identify the same) in the certificate or in an exhibit furnished to the Trustee and by reference made a part thereof; (2) that all of such additional property has been or will be subjected to the lien of this Indenture, and that none of such additional property is subject to any prior liens or encumbrances (disregarding permitted liens as specified in §2.07) other than prior lien bonds theretofore established, or then to be established, as refundable as provided in §2.07; (3) the cost, value and net amount of such additional property (as defined in §2.08); (4) the aggregate of the net amounts of the several items of additional property included in such certificate; and (5) that none of said additional property has been described or included as such in any certificate previously furnished to the Trustee under this §2.06.

(b) A certificate signed by an engineer or engineers stating (1) that the description of the additional property included in the above required certificate of the Company is accurate; and (2) that the value of each unit of such additional property is at least equal to the amount stated as the value thereof in said certificate.

(c) An opinion of counsel stating that such counsel has investigated (personally and/or through persons associated with him in whom he has confidence) the title of the Company and its right to acquire and use the same; and stating, in his opinion, (1) that the Company has good title to all of said additional property (and, in determining the question of title, such counsel may disregard irregularities or deficiencies in the record evidence of title to real property of more than ten years' standing, which, in the opinion of such counsel, can be cured by proceedings within the power of the Company or which, in the opinion of such counsel, are not of a serious nature under the facts and circumstances of the case); (2) that said additional property is free and clear of all liens or encumbrances except as aforesaid; (3) that the Company has corporate authority and all necessary permission from the public