

In case the release of property is, in whole or in part, based upon Property Additions (as permitted under clause (b) of subdivision (4) of this Section), the Company shall (subject to the provisions of said clause (b) comply with all applicable provisions of this Indenture as if such Property Additions were made the basis of an application for the authentication and delivery of bonds thereon in principal amount equivalent to seventy per centum (70%) of the Fair value of that portion of the property to be released which is to be released on the basis of such Property Additions, as shown by the Engineer's Certificate in subdivision (3) of this Section provided for, and in case the release of property is in whole or in part based upon the right to the authentication and delivery of bonds (as permitted under clause (c) of subdivision (4) of this Section) the Company shall comply with all applicable provisions of Section 26 or Section 29 hereof, as the case may be, relating to such authentication and delivery, except that in no such case shall the Company be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Treasurer's Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 hereof; provided, however, that the Cost of any Property Additions received or to be received by the Company in whole or in part as consideration in exchange for the property to be released shall for all purposes of this Indenture be deemed to be the amount stated in the Engineer's Certificate provided for in subdivision (3) of this Section to be the Fair Value of the property to be released (a) plus the amount of any cash and the Fair Value of any other consideration, further to be stated in such Engineer's Certificate, paid and/or delivered or to be paid and/or delivered by, and the amount of any obligations assumed or to be assumed by, the Company in connection with such exchange as additional consideration for such Property Additions or (b) less the amount of any cash and the Fair Value to the Company of any other consideration, which shall also be stated in such Engineer's Certificate, received or to be received by the Company in connection with such exchange in addition to such Property Additions.

Notwithstanding any of the other provisions of this Indenture, (1) to the extent that any property to be released is not Funded Property and the Property additions made the basis of such release shall (as evidenced by a statement to such effect in an Engineer's Certificate), have been acquired in exchange or consideration for, or acquired, made or constructed in anticipation of, the release of property (and shall never previously have been used as the basis for the release of property under clause (b) of subdivision (4) of this Section or as the basis for the withdrawal of cash under subdivision (1) of Section 61 or under a Prior Lien), such Property Additions shall not have the status of Funded Property, and (2) to the extent that any property released shall not have been Funded Property just prior to its release, any Property Additions made the basis of such release of property shall not be deemed to be Funded Property and any waiver of the right to the authentication and delivery of bonds made the basis of such release of property shall be revoked and cease to be effective and shall no longer be deemed to have been made, if the Company shall within two (2) years after the release of such property, file with the Corporate Trustee such Treasurer's Certificates, Engineer's Certificates, Independent Engineer's Certificates, Opinions of Counsel and other papers (other than any Resolution, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (6) and (8) of Section 28 hereof) as under the provisions of Article V hereof would entitle the Company on the basis of Property Additions acquired, made or constructed subsequent to the application for the release of such property, to the authentication and delivery of bonds equal in principal amount to seventy per centum (70%) of the Fair Value of the property so released, and the inclusion of such subsequently acquired Property Additions in any such Treasurer's Certificate, Engineer's Certificate, Independent Engineer's Certificate, Opinion of Counsel or other papers shall not make such subsequently acquired Property Additions Funded Property.

Any bonds Outstanding under this Indenture deposited with the Corporate Trustee, pursuant to the provisions of this Section, shall forthwith be canceled by the Corporate Trustee and upon the request of the Company the Corporate Trustee may cremate the same and deliver to the Company a certificate of such cremation, and any Prior Lien Bonds deposited with the Corporate Trustee pursuant to the provisions of this Section shall be held by the Corporate Trustee subject to the provisions of Article IX hereof and any moneys and/or obligations secured by purchase money mortgage and/or other property and/or the proceeds of any thereof and/or substitutes therefor received by the Corporate Trustee under this Section shall be held as part of the Mortgaged and Pledged Property and such moneys and/or obligations secured by purchase money mortgage shall be paid over, withdrawn, used or applied, in the manner, to the extent, and for the purposes and subject to the conditions provided in Section 61 hereof.

Any property acquired by the Company by exchange or purchase to take the place of any property released under any provisions of this Article shall forthwith and without further conveyance become subject to the Lien of and be covered by this Indenture as a part of the Mortgaged and Pledged Property, subject to no lien except Prior Liens and Excepted Encumbrances and any liens existing thereon just prior to the acquisition; thereof; but the Company shall, if requested by the Corporate Trustee, convey the same, or cause the same to be conveyed, to the Trustee as may be so requested by appropriate instruments of conveyance upon the trusts and for the purposes of this Indenture.