

Any redemption of bonds pursuant to the provisions of this section shall be effected in the manner specified in §§ 3.02 and 3.03 of the Indenture. The redemption price to be used in connection with any such redemption (and the redemption price to be used in calculating any limitation upon the purchase price of bonds pursuant to the next preceding paragraph) shall be, in the case of bonds of the 1979 Series, the redemption price specified in this supplemental indenture for the redemption of bonds of the 1979 Series through the operation of the Replacement Fund, and, in the case of bonds of the 2.65% Series, the redemption price specified in such bonds and, in the case of bonds of any other series secured by the Indenture, the most favorable redemption price at which such bonds may be redeemed for the purposes of the Replacement Fund under the terms and conditions pursuant to which such bonds shall have been issued.

Upon the purchase or redemption by the Trustee of any bonds pursuant to the provisions of this section, the Company shall pay to the Trustee cash in an amount equal to any accrued interest which shall be included in the aggregate purchase or redemption price of such bonds.

All bonds which shall have been acquired by the Trustee pursuant to the provisions of this section shall be held by the Trustee subject to the provisions of Section 5 of this Part Two and, in the case of prior lien bonds, to the provisions of § 2.11 of the Indenture, and all such bonds previously authenticated and delivered under the Indenture shall be cancelled.

SECTION 4. So long as any of the bonds of the 1979 Series are outstanding, the Company shall not apply for the authentication and delivery by the Trustee of any bonds, the payment by the Trustee of any cash, or the reduction of any cash required to be paid to the Trustee, under any provision of the Indenture, on the basis of (a) any bonds which shall have been made the basis of an application for a reduction or payment of cash pursuant to Section 2 of this Part Two, or which shall have been paid,

the payment or redemption of which shall have been duly provided for; *provided, however*, that this section shall not apply to the authentication of bonds for refunding purposes in any case in which § 2.03 of the Indenture would not be applicable to such authentication.

For the purposes of this Section, the "available net earnings" for any specified period shall be computed as provided in § 2.03 of the Indenture, except that (a) there shall be excluded from total gross operating revenues, net non-operating income and total operating expenses, as the case may be, the results of the operation of any property or the holding of any stock in or securities of another corporation having a fair value in any case in excess of one hundred thousand dollars (\$100,000) which (i) shall have been operated or held, as the case may be, by the Company during all or any part of the period of twelve months for which the available net earnings are being computed and (ii) shall have been disposed of by the Company prior to the date of the certification to the Trustee of available net earnings, provided that such exclusion shall be effected only to the extent practicable on the basis of the actual results of operating such property or holding such stock or securities or on the basis of such estimates thereof as the signers of the certificate to be furnished to the Trustee pursuant to the last paragraph of this section shall deem reasonable and proper; (b) there shall be added to the deductions specified in subparagraph (3) of said § 2.03 (notwithstanding any other provisions of said § 2.03) an amount equal to the depreciation requirement for such period, calculated as hereinafter provided in this Section 1; and (c) there shall be eliminated from such deductions all taxes (in addition to Federal or State income taxes) which are measured by or are dependent on net income. For the purposes of this section, the depreciation requirement for any specified period of twelve months shall be the sum of (A) the replacement requirement for such period, calculated in the manner provided in Section 1 of Part Two of this supplemental indenture for the calculation of the replace-

purchased or redeemed by the Trustee pursuant to Section 3 of this Part Two; or (b) the net amount of any additional property which shall have been made the basis of an application for a reduction or payment of cash pursuant to Section 2 of this Part Two; and any such application by the Company to the Trustee shall contain an appropriate statement as to compliance with the provisions of this Section 4.

SECTION 5. Whenever all of the bonds of the 1979 Series shall have been paid, purchased or redeemed, the Trustee shall, upon application of the Company, pay to or upon the order of the Company all cash theretofore deposited with the Trustee pursuant to Section 1 of this Part Two and not previously disposed of pursuant to Section 2 or Section 3 of this Part Two, and shall deliver to the Company any bonds which shall theretofore have been deposited with the Trustee pursuant to Section 2 of this Part Two or paid, purchased or redeemed pursuant to Section 3 of this Part Two.

PART THREE.

ADDITIONAL COVENANTS OF THE COMPANY.

SECTION 1. The Company covenants that, after the authentication and delivery by the Trustee to the Company of an aggregate of \$40,000,000 principal amount of bonds of the 1979 Series and thereafter so long as any bonds of the 1979 Series or any bonds of the 2.65% Series are outstanding, it will not make any application for the authentication and delivery of bonds under any provision of the Indenture unless its available net earnings (computed as provided below) 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 two (2) times the amount of the annual interest charges on (a) all bonds outstanding under the Indenture, including the bonds applied for, and (b) all outstanding prior lien bonds not held by the Trustee under the Indenture, exclusive of any bonds or prior lien bonds

ment requirement for any calendar year, except that the average of the amount of depreciable fixed property shall be calculated as at the beginning and as at the close of such specified period of twelve months, and (B) the amount charged by the Company against income during such period as a provision for depreciation or retirement of property other than electric fixed property.

Whenever the Company shall make application for the authentication and delivery of any bonds pursuant to any provision of the Indenture, under such circumstances that the provisions of this section are applicable, it shall furnish to the Trustee with such application a certificate, signed by the Treasurer or an Assistant Treasurer of the Company, showing compliance with the requirements of this section in respect of available net earnings. Such certificate may be combined with the certificate to be furnished to the Trustee pursuant to the provisions of subparagraph D of § 2.02 of the Indenture.

SECTION 2. The Company covenants that, after the authentication and delivery by the Trustee to the Company of an aggregate of \$40,000,000 principal amount of bonds of the 1979 Series and thereafter so long as any bonds of the 1979 Series or any bonds of the 2.65% Series are outstanding, it will not apply for the authentication and delivery of bonds, pursuant to § 2.05 of the Indenture, to an aggregate principal amount which shall exceed sixty-six and two-thirds per cent. (66 $\frac{2}{3}$ %) of the aggregate of the net amounts of additional property certified to the Trustee in accordance with § 2.06 of the Indenture subsequent to the date of the authentication and delivery of said \$40,000,000 principal amount of bonds of the 1979 Series; or apply for any action (pursuant to §§ 2.04, 2.07 or 5.08 of the Indenture, Section 2 of Part Two of this supplemental indenture, or otherwise) in lieu of such authentication and delivery of bonds pursuant to said § 2.05, except on the basis that the Company is entitled to the authentication and delivery of bonds pursuant to said § 2.05 only to the extent set forth in this Section 2.