

net property retirements of the Company (which if less than zero, shall be deemed to be zero) since the date of the last previous certification to the Trustee of net property additions not theretofore bonded (or in the case of the first such certificate, since November 30, 1945).

NET PROPERTY RETIREMENTS:

The term "net property retirements" as of any particular date shall mean the balance remaining after deducting from the amount of all property retirements of the Company as of such date the sum of

- (a) an amount equal to the consideration received or to be received or the fair value (whichever is greater) as certified to the Trustee with respect to the release of any property then or theretofore released from the lien of this Indenture pursuant to Section 7.03 hereof, less any amount by which the cash to be deposited with the Trustee shall have been reduced pursuant to the provisions of subdivision (c) (4) of said Section 7.03;
- (b) an amount equal to the cash, if any, deposited with the Trustee with respect to the release of any property then or theretofore released from the lien of this Indenture pursuant to Section 7.04 hereof;
- (c) an amount equal to the net proceeds of any property then or theretofore released from the lien of this Indenture pursuant to Section 7.05 hereof; and
- (d) an amount equal to any proceeds of insurance paid to the Trustee, or to the trustee or other holder of any prior lien, pursuant to the provisions of Section 8.13 hereof;

and after adding thereto the amount of any cash withdrawn from the Trustee pursuant to subdivision (f) of Section 8.01 hereof.

OFFICER'S CERTIFICATE:

The term "officer's certificate" shall mean a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company.

judgment the execution of which has been stayed or which has been appealed and secured, if necessary, by the filing of an appeal bond, or the lien of any judgment in respect of which moneys in the amount of the judgment have been deposited with the Trustee to be held as part of the trust estate and to be withdrawn only as provided in subdivision (e) of Section 8.01;

(f) easements, rights-of-way, licenses, exceptions, reservations or restrictions, and agreements for the joint or common use of property, which do not materially impair the use of the affected property in the operation of the business of the Company;

(g) the right reserved to, or vested in, any municipality or public authority by the terms of any franchise, grant, license or permit, or by any provision of law, to terminate such franchise, grant, license or permit or to purchase or appropriate or reacquire or to designate a purchaser of any of the mortgaged property, or to demand and collect from the Company any tax or other compensation for the use of streets, alleys or other public places;

(h) rights reserved to, or vested in, any municipality or public authority to use, control, remove or regulate any property of the Company;

(i) rights reserved to or vested in others to take or receive any part of the electricity, gas, steam or water generated or produced by or from any property of the Company;

(j) zoning laws and ordinances; and

(k) possible adverse rights or interests and incumbrances or defects or irregularities in title which, in the opinion of counsel, may properly be disregarded.

PERSON:

The term "person" shall mean and include an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization and any government or political subdivision thereof.

ORDER OF THE COMPANY—REQUEST OF THE COMPANY:

The terms "order of the Company" and "request of the Company" shall mean, unless the context otherwise indicates, an instrument in writing signed by the President or a Vice-President of the Company.

ORIGINAL COST:

The term "original cost" when used with reference to property shall mean the cost of such property to the person first devoting it to public service, or, in the case of property not devoted to public service, the cost thereof to the Company.

PERMISSIBLE ENCUMBRANCES:

The term "permissible encumbrances" shall mean at any particular time any of the following:

- (a) liens for taxes, assessments or governmental charges not delinquent, liens for workmen's compensation awards and similar obligations not delinquent, and liens for labor, materials or supplies not delinquent;
- (b) liens of the character specified in subparagraph (a) above, whether or not delinquent, the validity of which is being contested at the time by the Company in good faith, unless thereby in the opinion of counsel or of the Trustee any of the mortgaged property may be lost or forfeited;
- (c) liens, neither assumed by the Company nor on account of which it customarily pays interest, existing upon real estate or rights in or relating to real estate now owned or hereafter acquired or now or hereafter leased by the Company for substation, transmission line, distribution line, pipe line, conduit, storage or right-of-way purposes;
- (d) undetermined liens or charges incidental to construction or current operations;
- (e) the liens of any judgments in an aggregate amount of not in excess of \$50,000, or the lien of any

PRIOR LIEN:

The term "prior lien" shall mean a mortgage or other lien prior to the lien of this Indenture, excepting the liens of permissible encumbrances, existing at any particular time upon any property then subject to the lien of this Indenture.

PRIOR LIEN BONDS:

The term "prior lien bonds" shall mean bonds, obligations or indebtedness secured by prior liens.

The term "outstanding" when used with reference to prior lien bonds shall mean as of any particular time all prior lien bonds theretofore authenticated and delivered by the trustee of the mortgage or other lien securing the same or, if there be no such trustee, all prior lien bonds theretofore issued and delivered and secured by such mortgage or other lien, except

- (a) prior lien bonds theretofore cancelled;
- (b) prior lien bonds held in pledge hereunder;
- (c) prior lien bonds held by the trustee or other holder of the mortgage or other lien securing such prior lien bonds or other prior lien bonds under conditions such that no transfer of ownership or possession of such prior lien bonds by the trustee or other holder of such prior lien is permissible except upon a default thereunder, or except to the Trustee hereunder or to the trustee or holder of a prior lien securing such prior lien bonds or other prior lien bonds for cancellation or to be held uncanceled under the terms of the prior lien securing such prior lien bonds or other prior lien bonds under the conditions;
- (d) redeemed prior lien bonds, as hereinafter defined, and prior lien bonds for the purchase of which moneys in the necessary amount shall have been irrevocably deposited with the Trustee hereunder or with the trustee or other holder of the mortgage or other lien securing such prior lien bonds or other prior lien bonds (whether upon or prior to maturity or upon or prior to the redemption