

be equally and proportionately entitled to the benefits hereof with all other bonds or coupons issued under this Indenture.

All mutilated bonds and coupons surrendered to the Trustee pursuant to the provisions of this Section 2.08 shall be cancelled by the Trustee and delivered to the Company.

ARTICLE III

ISSUE OF BONDS

Section 3.01. The aggregate principal amount of bonds which may be executed by the Company and authenticated and delivered by the Trustee and be secured by this Indenture and outstanding at any one time shall not, in any event, exceed the amount at the time permitted by law, but otherwise, except as hereinafter in this Article III provided, is not limited; provided, however, that the aggregate principal amount of bonds which may be so executed, authenticated and delivered hereunder may, at any time at the election of the Company evidenced by an Indenture supplemental hereto, be limited to such definite aggregate principal amount as may be specified in such supplemental Indenture; and, subject to the provisions of Section 3.06 and Article XVI hereof, this Indenture shall be and constitute a continuing lien to secure the full and final payment of the principal of and interest (and premium, if any) on all bonds which may, from time to time, be executed, authenticated and delivered hereunder. All bonds and coupons shall in all respects, subject to the provisions of Section 3.01 hereof and subject to the terms with respect to any purchase, sinking, amortization, improvement or analogous fund for any particular series of bonds as established by any Indenture supplemental hereto, be equally and ratably secured hereby without preference, priority or distinction on account of the actual time or times of the issue or maturity of the bonds and coupons, or any of them, so that all bonds and coupons at any time outstanding hereunder

amount equal to the principal amount of the then outstanding prior lien bonds secured by such prior lien and not therefore deducted in connection with any application under this Indenture for the authentication and delivery of bonds or the withdrawal or reduction of cash.

3. The Trustee shall authenticate and deliver such additional bonds only upon receipt by it of:

(a) A certified resolution authorizing the execution and requesting the authentication and delivery of such additional bonds in the principal amount therein specified, designating the series of such bonds and the Indenture supplemental hereto creating such series, and naming the officer or officers of the Company to whom or upon whose order such bonds shall be delivered.

(b) An officers' certificate stating, as of a date specified in such certificate (hereinafter referred to as the effective date of such certificate) which shall be not more than ninety days prior to the date of filing of the application with the Trustee, in substance:

(1) the amount of property additions of the Company bonded prior to the effective date of such certificate; the cost and description in reasonable detail of such property additions not therefore bonded as the Company stands to certify to the Trustee in such certificate; the lesser of the cost or the fair value to the Company of such property additions not therefore bonded (fair value to the Company being taken at the amount stated in the engineer's certificate provided for in subdivision 2(c) of this Section 3.03, or, in the case of any acquired plants or systems included in said property additions as to which an independent engineer's certificate is required as provided in subdivision 3(c) of this Section 3.03, at the amount stated in such independent engineer's certificate); the amount of net property retirements of the Company at the effective date of such certificate; the amount of such net property retirements not included in any prior officers' certificate with respect to net property retirements not therefore bonded, which net property retirements and the com-

putation thereof shall be described in reasonable detail; and the amount of net property additions and the amount of net property additions not therefore bonded shown by such certificate;

(2) that, since the effective date of such certificate, the Company has not made any extraordinary property retirements and that no extraordinary property retirements are immediately contemplated by the Company;

(3) that, since the date of the last previous officers' certificate filed with the Trustee in the same regard pursuant to any of the provisions of Sections 3.03, 3.04, 3.05 or 3.06 hereof (or, in the case of the first such certificate filed under any of said sections, since the date hereof) no property owned by the Company and therefore bonded has, to the knowledge and belief of the signers, become subject to any lien or encumbrance not existing thereon at such prior date (or in the case of property bonded since such date, at the date of the officers' certificate pursuant to which such property was bonded), prior to the lien of this Indenture, excepting permitted encumbrances;

(4) that the Company is not in default under the covenant contained in subdivision (b) of Section 3.10 hereof, or, to the knowledge of the signers, under any other covenant of this Indenture; and that all conditions precedent provided for in this Indenture relating to the authentication and delivery of the additional bonds applied for have been complied with;

(5) that no portion of such property additions has been therefore bonded described in such certificate;

(6) that such property additions are property additions as defined in Article I hereof, and are desirable in the proper conduct of the business of the Company;

(7) that no portion of the cost of such property additions has been charged or is properly charge-

able, subject to the provisions of Section 3.01 hereof and to the terms of any Indenture supplemental hereto, as aforesaid, have the same right lien and preference under and by virtue of this Indenture, and shall all be equally secured hereby.

Section 3.02. Bonds in the aggregate principal amount of fifty-one million dollars (\$51,000,000), being the initial issue of the first series of bonds, shall forthwith be executed by the Company and delivered to the Trustee and shall be authenticated by the Trustee and delivered (without awaiting the filing or recording hereof or of any supplemental Indenture) to or upon the order of the Company. The bonds of said series shall have the terms and provisions provided for herein and in the Indenture supplemental hereto, dated as of December 1, 1946, to be made by the Company and the Trustee, to which reference is hereby made for the provisions and agreements therein contained in respect of the bonds of said series.

Section 3.03. From time to time hereafter the Company may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate and deliver to or upon the order of the Company, in addition to the bonds authorized to be issued pursuant to other provisions of this Article III, additional bonds for an aggregate principal amount not exceeding sixty per cent (60%) of the amount of net property additions not therefore bonded, subject, however, to the following restrictions:

1. The provisions of subdivision (b) of Section 3.10 hereof, if applicable, shall be complied with.

2. If the property additions proposed to be made the basis for the authentication and delivery of bonds under the provisions of this Section 3.03 are subject to any prior lien, then the amount of bonds otherwise issuable under the provisions of this Section 3.03 shall be reduced by an

amount equal to the principal amount of the then outstanding prior lien bonds secured by such prior lien and not therefore deducted in connection with any application under this Indenture for the authentication and delivery of bonds or the withdrawal or reduction of cash.

3. The Trustee shall authenticate and deliver such additional bonds only upon receipt by it of:

(a) A certified resolution authorizing the execution and requesting the authentication and delivery of such additional bonds in the principal amount therein specified, designating the series of such bonds and the Indenture supplemental hereto creating such series, and naming the officer or officers of the Company to whom or upon whose order such bonds shall be delivered.

(b) An officers' certificate stating, as of a date specified in such certificate (hereinafter referred to as the effective date of such certificate) which shall be not more than ninety days prior to the date of filing of the application with the Trustee, in substance:

(1) the amount of property additions of the Company bonded prior to the effective date of such certificate; the cost and description in reasonable detail of such property additions not therefore bonded as the Company stands to certify to the Trustee in such certificate; the lesser of the cost or the fair value to the Company of such property additions not therefore bonded (fair value to the Company being taken at the amount stated in the engineer's certificate provided for in subdivision 2(c) of this Section 3.03, or, in the case of any acquired plants or systems included in said property additions as to which an independent engineer's certificate is required as provided in subdivision 3(c) of this Section 3.03, at the amount stated in such independent engineer's certificate); the amount of net property retirements of the Company at the effective date of such certificate; the amount of such net property retirements not included in any prior officers' certificate with respect to net property retirements not therefore bonded, which net property retirements and the com-

putation thereof shall be described in reasonable detail; and the amount of net property additions and the amount of net property additions not therefore bonded shown by such certificate;

(2) that, since the effective date of such certificate, the Company has not made any extraordinary property retirements and that no extraordinary property retirements are immediately contemplated by the Company;

(3) that, since the date of the last previous officers' certificate filed with the Trustee in the same regard pursuant to any of the provisions of Sections 3.03, 3.04, 3.05 or 3.06 hereof (or, in the case of the first such certificate filed under any of said sections, since the date hereof) no property owned by the Company and therefore bonded has, to the knowledge and belief of the signers, become subject to any lien or encumbrance not existing thereon at such prior date (or in the case of property bonded since such date, at the date of the officers' certificate pursuant to which such property was bonded), prior to the lien of this Indenture, excepting permitted encumbrances;

(4) that the Company is not in default under the covenant contained in subdivision (b) of Section 3.10 hereof, or, to the knowledge of the signers, under any other covenant of this Indenture; and that all conditions precedent provided for in this Indenture relating to the authentication and delivery of the additional bonds applied for have been complied with;

(5) that no portion of such property additions has been therefore bonded described in such certificate;

(6) that such property additions are property additions as defined in Article I hereof, and are desirable in the proper conduct of the business of the Company;

(7) that no portion of the cost of such property additions has been charged or is properly charge-