

Article II  
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anyone by reason of anything done or omitted to be done by it in good faith under the provisions of this Section 7. Upon the issue of any substituted Bond, the Company may require the payment of a sum sufficient to cover any tax or taxes or other governmental charge and any other expense connected therewith, and also of a further sum not exceeding \$200 for each Bond so issued in substitution.

Notwithstanding any limitations contained in the Mortgage, any Bonds and coupons issued under the provisions of this Section 7 shall constitute original contractual obligations, in accordance with their terms, on the part of the Company, and shall be equally and proportionately entitled to the benefit and security of the Mortgage with all other Bonds and coupons issued under the Mortgage, in accordance with the terms thereof.

SECTION 8. Except as otherwise provided in the Mortgage, all Bonds (and appurtenant coupons, if any) surrendered for the purpose of payment, redemption, exchange or transfer shall either be surrendered to the Company or any paying agent and by it delivered to the Corporate Trustee, or be surrendered to the Corporate Trustee, and shall be cancelled by the Corporate Trustee as and when so delivered or surrendered to it, and no Bonds or appurtenant coupons shall be issued under the Mortgage in lieu of Bonds or appurtenant coupons so surrendered except as expressly permitted by any of the provisions of the Mortgage. All coupons surrendered to the Company or any paying agent for the purpose of payment shall be cancelled and delivered to the Corporate Trustee.

The Corporate Trustee shall make appropriate notations in its records in respect of all Bonds and appurtenant coupons cancelled as aforesaid, shall cremate all such cancelled coupon Bonds not registered as to principal and all cancelled coupons,

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and shall, at the direction of the Company, cremate all such cancelled coupon Bonds registered as to principal and registered Bonds without coupons, and shall deliver a certificate of any such cremation to the Company.

If the Company shall acquire any of the Bonds' thereto than as aforesaid, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Bonds unless and until the same are surrendered to the Corporate Trustee for cancellation.

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## ARTICLE III

## ISSUANCE OF BONDS

SECTION 1. Upon the execution and delivery of the Mortgage, and whether before or after the recording of the Mortgage, Bonds of Series A in the aggregate principal amount of Thirty Million Nine Hundred Seventeen Thousand Dollars (\$30,917,000) may be executed by the Company and shall be authenticated by the Corporate Trustee and delivered by or upon the written order of the Company, signed by its President or a Vice President, without any further action on the part of the Company.

No Bonds other than those authenticated and delivered pursuant to this Section 1 shall be authenticated or delivered by the Corporate Trustee pursuant to the provisions of this Article III at any time when an Event of Default shall have occurred and be continuing.

SECTION 2. From time to time and in the manner provided in this Section 2, Bonds of one or more series created solely for the purpose of this Section 2 (hereinafter referred to as "Emergency Bonds") may be executed by the Company and shall be authenticated by the Corporate Trustee and delivered by or upon the written order of the Company, signed by its President or a Vice President, upon delivery to the Corporate Trustee of:

- (a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;
- (b) The documents specified in Section 10 of this Article III; and
- (c) A Certified Resolution declaring the existence of an emergency requiring the expenditure of funds by the Company for a specified purpose or purposes, and stat-

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ing that such funds cannot be obtained otherwise than through the issuance and sale, exchange or pledge of Emergency Bonds the authentication of which is then being applied for.

No Emergency Bonds shall be authenticated and delivered by the Corporate Trustee if, as a result, the aggregate principal amount of such Bonds at the time outstanding would exceed \$12,000,000, nor unless provision shall be made therein for the redemption of such Bonds at the option of the Company and for the establishment of a sinking fund for the retirement or redemption of Bonds in conformity with the provisions of Section 2 of Article VII.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series, other than Series A and series created for the purposes of Sections 2 and 4 of this Article III, may be executed by the Company and shall be authenticated by the Corporate Trustee and delivered by or upon the written order of the Company, signed by its President or a Vice President, for or on account of Additions and Betterments required or constructed during a period beginning not more than 60 months prior to the date of an Application for the authentication of such Bonds; provided, however, (i) that the principal amount of such Bonds shall not exceed 75% of the Net Cost of such Additions and Betterments, (ii) that no Bonds shall be authenticated and delivered on the basis of Additions and Betterments that have theretofore been Bonded or in a principal amount which, when added to the amount of expenditures from the Capital Fund for or on account of the cost of such Additions and Betterments, would exceed the Net Cost thereof, (iii) that the Company shall have expended all of the funds which it has covenanted to apply only to the Cost of Additions and Betterments under the provisions of Section 24 of Article