

§ 3.06. No application by the Company to the Principal Trustee for the authentication and delivery of bonds hereunder upon the basis of property additions shall be granted by the Principal Trustee until the Principal Trustee shall have received:

(1) A certified resolution requesting the Principal Trustee to authenticate and deliver bonds, (a) specifying the aggregate principal amount of bonds applied for, the series and denominations thereof, and any other matters with respect thereto required by this Indenture, and (b) specifying the officer or officers of the Company to whom, or upon whose written order, such bonds shall be delivered;

(2) A certificate of the Company stating that the Company is not, and by the granting of the application then being made will not become, in the knowledge of the signers, in default under any of the provisions of this Indenture;

(3) An engineer's certificate made and dated not more than sixty (60) days prior to the time of such application,

(A) showing the amount, if any, of the unapplied balance of net property additions (not in excess of \$250,000) included in the most recent engineer's certificate, if any, theretofore filed with the Principal Trustee pursuant to this subdivision (3), § 4.16, § 4.16, or § 4.17;

(B) specifying other property additions purchased, constructed or otherwise acquired by the Company since June 30, 1949 and not theretofore included in an engineer's certificate certifying net property additions; and stating whether, and if so to what extent, such property additions consist of funded property; and as to such property additions:

(a) describing such property additions in reasonable detail by classified fixed capital accounts then in use by the Company, stating the cost thereof; stating whether such property additions include any additional tract or parcel of real estate; and stating that all such property additions are property additions as defined in § 1.03;

(b) stating, except as to any such property additions acquired, made or constructed wholly through the delivery of securities, or the transfer of other property, that the

amount of cash forming all or part of the cost thereof was equal to or more than an amount, to be stated therein;

(c) briefly describing with respect to any such property additions acquired, made or constructed in whole or in part through the delivery of securities or the transfer of other property, the securities or other property so delivered or transferred and stating the date of such delivery or transfer;

(d) stating the principal amount of any unsecured indebtedness assumed by the Company as part of the consideration for the acquisition of any of such property additions, or, if the amount be less, the amount actually expended by the Company to secure the discharge thereof;

(e) specifying the nature and extent of all prior liens, and the principal amount of all indebtedness secured thereby, existing upon any of such property additions at the time of the acquisition thereof, and stating (1) which, if any, of such prior liens have, at or prior to the date of the certificate, become prepaid liens, or (2) whether any or all of the indebtedness secured thereby has been satisfied or discharged, and stating the aggregate of the amounts, if any, expended (excluding any sums expended in respect of premium or accrued interest) by the Company to procure the satisfaction or discharge of any such indebtedness, or to cause the liens securing the same to become prepaid liens; and (3) if and to the extent that bonds applied for are to be issued against property additions subject to prior liens which have not become prepaid liens or which have not been satisfied or discharged, then stating that the engineer's certificate called for by § 4.16 has been filed with the Principal Trustee with respect thereto, and showing that the acquisition of such property subject to a prior lien was permitted by the provisions of said § 4.16 and of § 4.17;

(f) stating that there is no outstanding indebtedness of the Company or of others known, after due inquiry, to the Company, for the purchase price or construction of, or for labor, wages or materials in connection with the construction of, such property additions, which could become the basis of a lien upon said property additions, prior

to the lien of this Indenture, which in the opinion of the signer of said certificate might materially impair the security hereof;

(g) stating, except as to such property additions in respect of the fair value to the Company of which a statement is to be made in an independent engineer's certificate as provided for in subdivision (4) of this Section, the then fair value to the Company of such property additions; and

(h) stating what part, if any, of such property additions includes a gas utility system or systems, and showing the cost and the then fair value to the Company of such gas utility system or systems and whether such fair value is less than one per centum (1%) of the aggregate principal amount of the bonds at the time outstanding hereunder, and if any of such property additions includes a gas utility system, the cost thereof may include all or part of the cost of any rights and intangible property simultaneously acquired with such gas utility system for which no separate or distinct consideration shall have been paid or apportioned, and in such case the term property additions, as defined herein, may include such rights and intangible property (except going concern value or good will); and in determining the fair value of such gas utility system it shall be proper to include as an element of value thereof an amount deemed proper by the signer of said certificate for such rights and intangible property as aforesaid;

(C) stating the aggregate amount of all property retirements made up to the close of the period covered by the engineer's certificate then being made and since the close of the period covered by the most recent certificate, if any, referred to in the preceding Clause (A) (or, if no such prior certificate has been filed, then since June 30, 1949);

(D) stating the aggregate amount of the cash plus the principal amount of any purchase money obligations deposited with the Principal Trustee hereunder, or the trustee or other holder of a prior lien, up to the close of the period covered by the engineer's certificate then being made and since the close of the period covered by the most recent certificate, if any, referred to in the preceding Clause (A) (or, if no such certifi-

cate has been filed, then since June 30, 1949), and representing the proceeds of insurance on or the release or sale of or the taking by eminent domain of any property referred to in the preceding Clause (C) above;

(E) showing the amount of the net property additions available as a basis for the authentication and delivery of bonds pursuant to § 4.04, by adding to the amount of the unapplied balance of net property additions shown by Clause (A) above the amount of the net property additions, determined in the manner specified in the definition of net property additions contained in § 1.03 and on the basis of the respective amounts shown by Clauses (B), (C) and (D) above, by deducting from the amount of unfunded property additions shown by Clause (B) the amount of retirements shown by Clause (C) and one hundred sixty-six and two-thirds per centum (166 2/3%) of the principal amount of prior lien bonds (if any), shown by subdivision (e)(3) of Clause (B) and not theretofore deducted, and adding to the balance the aggregate amount of cash and purchase money obligations, as shown by Clause (D); and

(F) showing the unapplied balance of net property additions remaining after the authentication and delivery of the bonds requested in the application then being made, determined by deducting from the amount of net property additions available as shown by Clause (E) above, the amount of net property additions required as the basis for the application then being made.

In the discretion of the Company there may be omitted from such engineer's certificate any or all property additions which would result in an unapplied balance of net property additions, and such property additions so omitted may be included in a subsequent engineer's certificate.

(4) In case any property additions certified pursuant to Clause (B) of subdivision (3) above are shown by such engineer's certificate to include a gas utility system and such certificate shows that the then fair value to the Company of such gas utility system is not less than \$25,000 and not less than one per centum (1%) of the aggregate principal amount of the bonds at the time outstanding hereunder, and that such