

first lien, It is agreed that for the purpose of enabling the Company to provide funds for the making of any such extensions or additions other than those made by the expenditure of the two hundred and fifty thousand (250,000) dollars above referred to said Trustee shall from time to time upon order of the Company certify and deliver any of the bonds of the Company on deposit of cash equal to the face value of the bonds so certified and delivered, provided, however, that the amount of cash so deposited with said Trustee under this section shall not at any one time exceed the sum of five hundred thousand (500,000) dollars. Such cash^{so} deposited may from time to time be withdrawn upon the order of the Company to an amount or amounts not exceeding eighty (80) per cent. of the actual and reasonable expenditures made by the Company for any such extensions or additions, and until so withdrawn shall constitute part of the property hereby mortgaged.

The term "actual and reasonable expenditures" as used in this section means all expenditures actually made for extensions and additions, and shall not exceed in amount (a) the fair value of such extensions and additions, or (b) the fair value of the physical property of any other public utility corporation acquired as an entirety, after making due allowance for depreciation, such fair value to be determined by a person appointed by the Company and approved by the Trustee.

The term "extensions and additions," as used in this section, shall include any electric, light, power, or heating properties of any other corporation acquired as a whole or substantially as a whole by the Company after March 1, 1915, and subjected to the lien of this mortgage.

Renewals and replacements of property shall be deemed extensions or additions only to the extent that the cost thereof shall exceed the original cost of the property renewed or replaced.

The term "net earnings" of the Company, as used in this article, shall mean the amount remaining after deducting from the earnings derived from the operation of the plants and operative properties owned by the Company at the time application is made for the issuance of bonds, all operating expenses, including taxes, rentals insurance, and reasonable proper expenditures and charges for maintenance, repairs and renewals.

No bonds shall be certified under the provisions of this section unless and until such net earnings of the Company for a period of twelve (12) consecutive months ending not more than sixty (60) days prior to the receipt by the Trustee of such application, shall have been in each case equal to at least ten (10) per cent. of the face value of all bonds then outstanding hereunder and also of all bonds secured by a any underlying mortgage and also of all bonds the issuance and certification of which is then applied for.

No bonds shall be certified or delivered, or cash withdrawn, under the provisions of this section on account of expenditures (1) made for real property or any interest therein which shall not be subject to the lien of this indenture, and if so requested by the Trustee be specifically mortgaged to the Trustees by a mortgage supplemental hereto; or (2) made out of any insurance money received, or (3) made out of the proceeds of sale of any of the mortgaged property. or (4) previously made the basis for the certification of bonds or withdrawal of cash under the provisions of this section, or (5) made for properties or equipment against which there are outstanding any valid vendors', contractors' or mechanics' liens, unless and until arrangements satisfactory to the Trustee shall have been made for the discharge of such liens,