

(b) setting forth their fair value as of the date of such "engineer's certificate" after deducting proper depreciation, if any, and if such "property additions" include "purchased property", deducting any portion thereof not useful in the conduct of the Company's business;

(c) setting forth, as of the date of such certificate, the market value or, if none, the fair value of any securities or other property included in such "new gross expenditures";

(d) stating that the amount of such "new gross expenditures" included in said "certificate of net bondable expenditures for property additions" does not exceed the fair market value of the "property additions" acquired thereby;

(e) if the "opinion of counsel" responsive to (ii) of this subparagraph 4 sets forth any "permitted encumbrances" stating that such "permitted encumbrances" do not impair the use of the property to which they pertain for the purposes for which such property is held by the Company;

(ii) An "opinion of counsel" stating that the Company has good and marketable title to such "property additions" free from all encumbrances excepting the lien of this Indenture and "permitted encumbrances" and specifying any such "permitted encumbrances";

(iii) An indenture supplemental hereto or other instrument of conveyance specifically subjecting such "property additions" to the lien hereof or, in the alternative, an "opinion of counsel" to the effect that such additions are so subject without any such indenture or other instrument.

ARTICLE FIVE.

Bond for refunding Purposes.

Section 1. Additional bonds of any series other than Series A may from time to time be executed by the Company and delivered to the Trustee and the Trustee shall, subject to the provisions of this Article, authenticate and deliver the same to or upon the "order of the Company" upon receipt by the Trustee of:

(1) The documents required by the provisions of Section 1 of Article Four hereof;

(2) Bonds theretofore authenticated and delivered hereunder with all unmatured coupons, if any, attached in aggregate principal amount equal to the principal amount of the bonds authentication whereof is applied for; provided, however, that in lieu of bonds which have been called for redemption or are then about to mature it shall be sufficient if funds in an amount sufficient to redeem or pay the same shall have been deposited with the Trustee hereunder and evidence furnished to the satisfaction of the Trustee that notice of any such redemption has been duly given or waived;

(3) A certificate signed and verified by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company stating that no default exists in respect of any of the covenants, agreements or provisions of this Indenture and that none of the bonds proposed to be refunded have been:

(a) redeemed by the use of any moneys deposited with the Trustee for the purposes of any sinking fund;

(b) purchased or redeemed as permitted by Section 2 of Article Eleven or redeemed as required by Section 3 of said Article Eleven;

(c) purchased, paid or redeemed by the use of any insurance moneys paid directly to the Company; and

(d) theretofore used as the basis for the issue of bonds under this Article Five, or delivered to or deposited with the Trustee under the provisions of Section 2 of Article Eleven or in lieu of payments for any sinking fund or to offset any "maintenance deficit" or credited under any other requirement hereof.