

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, that the then Fair Value to the Company of such Property Additions is equal to or more than an amount therein to be stated; stating the amounts required to be deducted and added under the provisions of Section 4 hereof; specifying the nature and extent of any Prior Lien existing upon any of such Property Additions and the principal amount of all Outstanding Prior Lien Bonds secured thereby, and further stating whether or not the required amount has theretofore been deducted in compliance with the provisions of Section 26 hereof when other Property Additions subject to such Prior Lien were made the basis under any of the provisions of this Indenture for the authentication and delivery of bonds or the withdrawal of cash or the release of property or the basis of a credit under the provisions of Section 38 or Section 39 hereof and, if so, when such deduction was made and whether since the date of such deduction property of the Company has continued to be subject to such Prior Lien; and stating what part, if any, of such Property Additions includes property which has been used or operated in the public utility business by others than the Company and, if any such Property Additions include property subject to any easements or reservations for the purpose of roads, pipe lines, transmission lines, transportation lines or other like purposes, that any such easements or reservations do not prevent the use of such property for the purposes for which it is held by the Company. If any such Property Additions have been used or operated in the public utility business by others than the Company, the amount of cash stated to be all or any part of the Cost thereof may include the amount of cash forming part of the Cost of any rights and intangible property simultaneously acquired with the same 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;

(4) in case any Property Additions are shown by the Engineer's Certificate provided for in subdivision (3) above to include property which has been used or operated in the public utility business by others than the Company and such certificate does not show the Cost to the Company to be less than one per centum (1%) of the bonds at the time Outstanding hereunder, a further and Independent Engineer's Certificate stating as to such Property Additions which have been so used or operated and (at the option of the Company) as to any other Property Additions included in the Engineer's Certificate provided for in subdivision (3) of this Section that the then aggregate Fair Value thereof to the Company in the opinion of the signer is equal to or more than an amount to be stated therein, together with the signer's report thereon which shall contain a brief statement of the conditions governing the signer's determination of such Fair Value and a brief statement of the conditions, serviceability and location of such Property Additions;

(5) in case any Property Additions are shown by the Engineer's Certificate provided for in subdivision (3) above to have been acquired, made or constructed in whole or in part through the delivery of securities, a written appraisal of an appraiser or other competent person, firm or corporation (who shall certify to the