

used or applied in the manner, to the extent, for the purposes and subject to the conditions provided in Section 31 of the Mortgage or in subdivisions (3) and/or (4) of Section 61 of the Mortgage; provided, however, that the retirement of no bonds of any series other than the Second Series shall be made the basis of the withdrawal of cash deposited under this Section and, provided further, that no bonds of any series other than the Second Series shall be purchased or redeemed with cash deposited under the provisions of this Section and that no bonds of the Second Series shall be purchased with cash deposited under this Section at such price (including accrued interest and brokerage) that the cost thereof to the Company is in excess of the cost of redeeming such bonds on a date forty (40) days after the date of such purchase (including premium, if any, and accrued interest from the interest date next preceding the date of purchase to such redemption date in such cost.)

In case credit under the provisions of this Section is applied for in whole or in part upon the basis of the right to the authentication and delivery of bonds, the Company shall comply with all applicable provisions of the Mortgage relating to such authentication and delivery; except that the Company shall not be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Officers' Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 of the Mortgage.

So long as any bonds of the Second Series shall remain Outstanding, any election by the Company pursuant to clause (f) of subdivision (A) of this Section to make its right to the authentication and delivery of any bond(s) or fraction of a bond the basis of a credit under this Section shall operate as a waiver by the Company of its right to the authentication and delivery of such bond(s) or fraction of a bond and such bond(s) or fraction of a bond may not thereafter be authenticated and delivered under the Mortgage, and any Property Additions which have been made the basis of any such right to the authentication and delivery of bond(s) or fraction of a bond so waived shall have the status of Funded Property and shall be deemed to have been made the basis of a credit under this Section.

For all purposes of the Mortgage (including all calculations thereunder), so long as any bonds of the Second Series remain Outstanding, as defined in Section 2 of the Mortgage:

(I) any cash deposited under the provisions of this Section or of Section 40 of the Mortgage shall be deemed to be Funded Cash;

(II) any bonds of the First Series delivered to the Corporate Trustee pursuant to the provisions of Section 40 of the Mortgage and any bonds of the Second Series delivered to the Corporate Trustee pursuant to the provisions of this Section shall, after such delivery, be deemed to have been retired by the use of Funded Cash; and

(III) with respect to all credits taken under this Section or Section 40 of the Mortgage on the basis of waivers of the right to the authentication and delivery of bonds or otherwise, it shall be deemed that a credit has been taken under the Mortgage on the basis thereof.

Any bonds issued under the Mortgage, delivered to, deposited with or purchased or redeemed by, the Corporate Trustee pursuant to the provisions of this Section, shall forthwith be canceled by the Corporate Trustee.

The Company shall forthwith from time to time on demand of the Corporate Trustee make further payments pursuant to the provisions of this Section on account of accrued interest, brokerage and premium, if any, on bonds purchased or redeemed or then to be purchased or redeemed but not in excess of

(AA) the aggregate cost for principal, interest, brokerage and premium, if any, on