

MORTGAGE OF REAL ESTATE

pensation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporation of the size and nature of the Corporation.

Section 12: The Corporation will at all times keep proper books, records, and accounts in which full and true entries will be made of all of the dealings, business, and affairs of the Corporation, in accordance with good accounting practice. The Corporation will furnish to each noteholder; (a) not later than the tenth day of each month, a statement of operations for the preceding month, including, without limitation, an analysis of the Corporation's revenues, expenses and consumer accounts for the preceding month, and, if directed by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such statement shall be in such form and include therein such information as may be specified in such direction and (b) within thirty (30) days after the close of each fiscal year, full and complete reports, certified by its Treasurer, of its financial condition as of the end of such fiscal year and of its operations for such period and, if requested by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such reports shall be audited and certified by independent public accountants satisfactory to such noteholder or noteholders. Any noteholder, through its agents, representatives, accountants, or attorneys, shall at all times during reasonable business hours have access to, and the right to inspect and make copies of, any or all books, records, and accounts, and any or all invoices, contracts, leases, pay rolls, canceled checks, statements, and other documents and papers of every kind belonging to or in the possession of the Corporation or in anywise pertaining to its property or business.

Section 13: The Corporation will from time to time upon written demand of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding; (a) make, execute, acknowledge, and deliver or cause to be made, executed, acknowledged, and delivered all such further and supplemental deeds of trust, mortgages, instruments, and conveyances as may reasonably be requested by such noteholder or noteholders; and (b) take or cause to be taken all such further action as may reasonably be requested by such noteholder or noteholders to effectuate the intention of these presents and to provide for the securing and payment of the principal of and interest on the notes and for the purpose of fully conveying, transferring, and confirming unto the Trustee the property hereby conveyed and transferred, or intended so to be, whether now owned by the Corporation or hereafter acquired by it. The Corporation will cause this Indenture and any and all supplemental mortgages and deeds of trust, and every additional instrument, which shall be executed pursuant to the foregoing provisions, forthwith upon execution to be recorded and filed and rerecorded and refiled as conveyances and mortgages and deeds of trust of real and personal property in such manner and in such places as may be required by law in order fully to preserve the security for the notes and to perfect and maintain the superior lien of this Indenture and all supplemental mortgages and deeds of trust, and the rights and remedies of the Trustee and the noteholders.

Section 14: Any noteholder may, at any time or times in succession without notice to, or the consent of, the Corporation and upon such terms as such noteholder may prescribe, grant an extension of the time for the payment of the principal of and interest on any note held by or indebtedness hereby secured owed to such noteholder or to any person, firm, or corporation who shall have become obligated to pay the same, or any part thereof, or who may be affected by the lien hereby created, and after any such extension of time the Corporation will remain liable for the payment of said indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

Section 15: The Corporation, subject to applicable laws and rules and orders of regulatory bodies, will charge for electric energy and other services furnished by it rates which shall be sufficient to pay and discharge all taxes, maintenance expenses, cost of electric energy, and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to make all payments in respect of principal of and interest on the notes when and as the same shall become due, and to provide and maintain a reasonable reserve for working capital of the Corporation.

Section 16: The Corporation will not declare or pay any dividends or make any distributions to its members or to consumers except in the event and to the extent that there shall be surplus earnings of the Corporation remaining after payment of or provision for the items enumerated in section 15 of this article II, and unless there shall remain after such payment or distribution reserves in an aggregate amount at least equal to the total of the interest and principal payments required to be made during the next following calendar year in respect of all notes which shall at the time be outstanding.

Section 17: In the event that the Trust Estate, or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom, except to the extent that all noteholders shall consent to other use and application thereof by the Corporation, shall forthwith be applied by the Corporation; first, to the ratable payment of any indebtedness by this