application in connection with which such certificate is made and those applied for in any other pending application, and (3) the principal amount of all other indebtedness (except indebtedness secured by prepaid liens) outstanding on the date of such certificate and secured by a prior lien, except any indebtedness for the payment, retirement or redemption of which the bonds then applied for are to be issued.

If any of the property of the Company owned by it at the time of the making of any net earnings certificate shall consist of a plant or system (including any property used in connection therewith) which shall have been acquired during or after any period for which net earnings are to be computed, the actual net earnings or net losses of such property (computed in the manner specified in this Section for the computation of the net earnings of the Company, but eliminating all intercompany items, if any) during such period or such part of such period as shall have preceded the acquisition thereof, to the extent that the same are ascertainable and have not otherwise been included, and unless such property shall have been acquired in exchange or substitution for property the earnings of which have been included, shall be treated as net earnings or net losses of the Company for all purposes of this Indenture. The net earnings or net losses (to the extent ascertainable) of any property of the Company consisting of a plant or system (including any property used in connection therewith) which shall have been disposed of by the Company during or after any period for which net earnings are to be computed, shall be excluded in computing net earnings or net losses of the Company for the purposes of this Indenture.

The term "repairs" as used in this definition shall include all renewals which, in the ordinary practice of companies carrying on a business similar to that of the Company, are charged to current maintenance, repairs, or other operating expense account.

Net Property Additions.

The term "net property additions" shall at any particular time mean the aggregate of all property additions up to that time at the cost or fair value thereof to the Company (whichever is less) after

(A) deducting (1) the aggregate amount of all property retirements, as hereinafter defined, prior to the date of the particular computation, (2) a sum equal to one hundred sixty-six and two-thirds per centum ($166\frac{2}{3}\%$) of the principal amount of any outstanding prior lien bonds secured by a lien on such property additions, which prior lien bonds have not theretofore been deducted in computing the amount of other net property additions which have been funded, and (3) for the purposes only of the first computation of net property additions hereunder and not thereafter, the sum of $120,000; and

(B) adding to the balance so arrived at an amount equal to the aggregate of the cash plus the principal amount of any purchase money obligations deposited with the Trustee hereunder, or the trustee or other holder of a prior lien, and representing the proceeds of insurance on or the release or sale of or the taking by eminent domain of any property classified as retired prior to the date of the particular computation;

provided, however, that the aggregate of the amounts added under Clause (B) above shall in no event exceed the amounts deducted under Clause (A) (1) above.

Anything herein contained to the contrary notwithstanding, any net property additions which shall have been certified to the Trustee at any time as a basis for the authentication and delivery of bonds or for the withdrawal of cash under any of the provisions of this Indenture, or have been the subject of a waiver of the right to the authentication and delivery of bonds under and to the extent provided in Section 4.15, and having a cost or fair value, whichever shall be applicable under the respective provisions of this Indenture, in excess of

(1) the amount thereof required by the provisions of this Indenture as a basis for the authentication and delivery of the bonds applied for or for the withdrawal of the cash applied for under any of the provisions of this Indenture, or

(2) one hundred sixty-six and two-thirds per centum ($166\frac{2}{3}\%$) of the principal amount of bonds the authentication