or discharge of any such indebtedness, or to cause the liens securing the same to become prepaid liens; and (3) if and to the extent that bonds applied for are to be issued against property additions subject to prior liens which have not become prepaid liens or which have not been satisfied or discharged, then stating that the engineer's certificate called for by Section 4.15 has been filed with the Trustee with respect thereto, and showing that the acquisition of such property subject to a prior lien was permitted by the provisions of Sections 4.15 and 4.17;

(f) stating that there is no outstanding indebtedness of the Company or of others known, after due inquiry, to the Company, for the purchase price or construction of, or for labor, wages or materials in connection with the construction of, such property additions, which could become the basis of a lien upon said property additions, prior to the lien of this Indenture, which in the opinion of the signer of said certificate might materially impair the security hereof;

(g) stating the then fair value to the Company of such property additions; and

(h) stating whether or not such property additions include any property which at the date of such certificate constitutes part or all of a manufactured gas distribution system or any improvements, extensions, additions or betterments thereto and, if so, stating that such system was acquired by the Company as an entirety or substantially as an entirety within 2 years prior to such date and consists of underground pipes and conduits and related equipment reasonably suitable for use in distributing natural gas;

(C) stating the aggregate amount of all property retirements made up to the date of the engineer's certificate then being made and since the date of the most recent certificate, if any, referred to in the preceding Clause (A) (or, if no prior certificate has been filed, then since August 31, 1956);

(D) stating the aggregate amount 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, up to the date of the engineer's certificate then being

made and since the date of the most recent certificate, if any, referred to in the preceding Clause (A) (or, if no prior certificate has been filed, then since August 31, 1956), and representing the proceeds of insurance on or the release or sale of or the taking by eminent domain of any property referred to in the preceding Clause (C) above;

(E) showing the amount of the net property additions available as a basis for the authentication and delivery of bonds pursuant to Section 3.04, by adding to the amount of the unapplied balance of net property additions shown by Clause (A) above the amount of the net property additions, determined in the manner specified in the definition of net property additions contained in Section 1.01 and on the basis of the respective amounts shown by Clauses (B), (C) and (D) above, by deducting from the amount of unfunded property additions shown by Clause (B) the amount of retirements shown by Clause (C), one hundred sixty-six and two-thirds per centum (166⅔%) of the principal amount of prior lien bonds (if any), shown by subdivision (e)(3) of Clause (B) and not theretofore deducted and, if no prior certificate has been filed, the sum of $120,000, and adding to the balance the aggregate amount of cash and purchase money obligations, as shown by Clause (D), provided that the amount so added shall not exceed the amount of retirements shown by Clause (C); and

(F) showing the unapplied balance of net property additions remaining after the authentication and delivery of the bonds requested in the application then being made, determined by deducting from the amount of net property additions available as shown by Clause (E) above, the amount of net property additions required as the basis for the application then being made.

In the discretion of the Company there may be omitted from such engineer's certificate any or all property additions which would result in an unapplied balance of net property additions, and such property additions so omitted may be included in a subsequent engineer's certificate.

The engineer making such certificate may rely upon the opinion of counsel with respect to titles to property, liens, and similar matters.