

ating expenses, including therein (but without limitation) reasonable and proper charges for current repairs and current maintenance of its pipeline systems and properties, rentals, royalties, license charges, taxes (other than taxes measured by income, for the determination of liability in respect of which the amount payable by way of interest is a deductible item) and insurance. The term 'repairs' shall include all renewals and replacements which, in the ordinary practice of companies carrying on a business similar to that of the Company, are not charged to reserves but are charged to current repairs or maintenance or other operating expense account. No amounts need be deducted for amortization of plant acquisition adjustment accounts or for expenditures or reserves for depreciation, retirements and/or depletion or for renewals and replacements, other than special reserves for renewals or replacements which, in such practice, are chargeable to current repairs or maintenance or other operating expense accounts.

"The 'Net Earnings After Depreciation and Depletion' of the Company shall (unless and except to the extent that a regulatory body having jurisdiction shall for any purpose fix or allow a lesser amount for depreciation and depletion) be ascertained and computed by deducting from the Net Earnings Before Depreciation and Depletion for each of the months in the twelve (12) months' period for which the computation is being made, an amount equal to 1/12th of the sum of (i) \$2,000,000 plus (ii) an amount equal to 2½% of (a) the aggregate cost to the Company of depreciable property constituting a part of the Trust Estate acquired or constructed between December 31, 1944 and the end of such month, less (b) the aggregate amount of depreciable property constituting a part of the Trust Estate which between December 31, 1944 and the end of such month shall have been retired in the manner provided for Retirements of Bonded Property set forth in Paragraph H of Section 24. For the purpose of this