

Company may include interest, taxes, insurance premiums and other overhead charges during construction, including engineering, legal, accounting and other services, all to the extent that the same are properly chargeable to fixed capital accounts under sound accounting practice, and that proportion of any discount on bonds or other securities issued to provide funds for construction purposes which is applicable to the construction period and may properly be charged to the account of interest during construction under such accounting practices. If in any case the actual cost, as above defined, of a particular item of property does not appear separately on the books of the Company, an estimate thereof may be used.

When any application is made for the issuance of additional bonds pursuant to Section 4.03 or for the withdrawal of cash pursuant to Section 4.06 on the basis of bondable additions, there shall be deducted from the cost or fair value to the Company, as the case may be, of the bondable additions certified to the Corporate Trustee in connection with such application amounts equal to the net retirements, computed as hereinafter provided, not theretofore deducted from the cost or fair value to the Company of bondable additions theretofore certified to the Corporate Trustee pursuant to Section 4.03, Section 4.06, Section 8.03 or Section 8.12 in respect of such parts of the mortgaged properties as shall have been retired after December 31, 1945 and previous to a date not earlier than sixty days prior to the date of the certificate of the Company required by subdivision (a) of Section 4.03 and not earlier than the date of acquisition or construction by the Company of the latest bondable additions included in such certificate, and such certificate of the Company shall state that in the opinion of the officers of the Company signing the same the amount of net retirements made by the Company up to the date of such certificate and not deducted therein or in any previous certificate does not exceed the amount of bondable additions not then or theretofore certified to the Corporate Trustee pursuant to Section 4.03, Section 4.06, Section 8.03 or Section 8.12.

When an application is made for the withdrawal of cash pursuant to Section 8.12 or for the release of property as provided in the second paragraph of Section 8.03, only the deductions required by Section 8.13 need be made.