

(10) ANY PLANT OR SYSTEM IN WHICH THE COMPANY SHALL ACQUIRE ONLY A LEASEHOLD INTEREST OR ANY BETTERMENTS, EXTENSIONS, IMPROVEMENTS OR ADDITIONS OF, UPON OR TO ANY PLANT OR SYSTEM IN WHICH THE COMPANY SHALL OWN ONLY A LEASEHOLD INTEREST.

THE TERM "ADDITIONAL PROPERTY", HOWEVER, SHALL BE DEEMED TO INCLUDE

(11) PROPERTY ACQUIRED BY THE COMPANY BY MERGER OR CONSOLIDATION AS WELL AS PROPERTY PURCHASED OR CONSTRUCTED BY THE COMPANY; AND

(12) NEW PLANTS AND SYSTEMS; AND

(13) PERMANENT IMPROVEMENTS, BETTERMENTS OR ADDITIONS IN PROCESS OF CONSTRUCTION OR PARTIALLY COMPLETED CONSTRUCTION WORK, SO FAR AS ACTUALLY CONSTRUCTED OR ERECTED.

B. THE "COST" TO THE COMPANY OF ANY NEW PLANT OR SYSTEM MAY BE DEEMED TO INCLUDE THE COST TO THE COMPANY OF ANY FRANCHISES, RIGHTS AND INTANGIBLE PROPERTY, SIMULTANEOUSLY ACQUIRED WITH THE SAME, FOR WHICH NO SEPARATE OR DISTINCT CONSIDERATION SHALL HAVE BEEN PAID OR APPORTIONED. IN DETERMINING THE "FAIR VALUE" TO THE COMPANY OF ANY NEW PLANT OR SYSTEM, CONSIDERATION SHALL BE GIVEN ONLY TO THE VALUE TO THE COMPANY OF THE PHYSICAL PROPERTY, ACQUIRED. THE COST TO THE COMPANY OF ANY PROPERTY, PART OF WHICH CONSTITUTES ADDITIONAL PROPERTY, AND PART DOES NOT, AND ALL OF WHICH IS ACQUIRED FOR A SINGLE CONSIDERATION, SHALL IN ALL CASES BE PROPERLY ALLOCATED IN THE CERTIFICATE FILED WITH THE CORPORATE TRUSTEE PURSUANT TO PARAGRAPH B OF SECTION 17 HEREOF. IN THE CASE OF ADDITIONAL PROPERTY SUBJECT TO A PRIOR LIEN OR LIENS SECURING BONDS WHICH SHALL NOT THERETOFORE HAVE BEEN ESTABLISHED, IN WHOLE OR IN PART, IN THE MANNER AND WITHIN THE LIMITATIONS/ <sup>HEREINAFTER</sup> IN SECTION 19 PROVIDED, AS REFUNDABLE BONDS, - THE FAIR VALUE OF SUCH PROPERTY TO THE COMPANY SHALL BE DETERMINED AS IF SUCH PROPERTY WERE FREE OF SUCH LIEN OR LIENS, AND THE PRINCIPAL AMOUNT OF THE OUTSTANDING BONDS THEREBY SECURED AND NOT AT THE TIME DEPOSITED HEREUNDER OR UNDER SOME OTHER PRIOR LIEN UPON SUCH PROPERTY, OR UNDER A REFUNDABLE LIEN, SHALL BE INCLUDED AS PART OF THE COST TO THE COMPANY OF SUCH ADDITIONAL PROPERTY.

C. THE "NET EARNINGS" OF THE COMPANY SHALL BE COMPUTED AND ASCERTAINED AS FOLLOWS; FROM THE TOTAL OF THE OPERATING AND NET NON-OPERATING REVENUES OF THE COMPANY, THERE SHALL BE DEDUCTED ALL OPERATING EXPENSES, INCLUDING THEREIN REASONABLE AND PROPER CHARGES FOR CURRENT REPAIRS AND CURRENT MAINTENANCE OF ITS PLANTS AND PROPERTIES, RENTALS, LICENSE CHARGES, TAXES (OTHER THAN INCOME AND PROFITS TAXES) AND INSURANCE. THE TERM "REPAIRS" 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 REPAIRS. NO AMOUNTS NEED BE DEDUCTED FOR RESERVES FOR RENEWALS AND REPLACEMENTS OTHER THAN RESERVES FOR RENEWALS WHICH, IN SUCH PRACTICE, ARE CHARGEABLE TO CURRENT REPAIRS. REASONABLE AND PROPER CHARGES FOR CURRENT REPAIRS AND CURRENT MAINTENANCE SHALL NOT INCLUDE CHARGES FOR DEPRECIATION. IF ANY OF THE PROPERTY OF THE COMPANY SHALL HAVE BEEN OWNED BY IT DURING A PART, BUT NOT DURING THE WHOLE, OF ANY PERIOD FOR WHICH SAID NEW EARNINGS ARE TO BE COMPUTED OR SHALL HAVE BEEN ACQUIRED BY THE COMPANY AFTER THE EXPIRATION OF SAID PERIOD, AND SHALL BE SUBJECT TO THE DIRECT LIEN OF THIS INDENTURE, THE ACTUAL NET EARNINGS OF SUCH PROPERTY DURING SUCH PART OF SUCH PERIOD AS SHALL HAVE PRECEDED THE ACQUISITION THEREOF BY THE COMPANY SHALL BE TREATED AS NET EARNINGS OF THE COMPANY FOR THE PURPOSES OF THIS ARTICLE, BUT SUCH NET EARNINGS SHALL BE ASCERTAINED AND COMPUTED BY THE METHOD HEREINABOVE IN THIS SECTION PRESCRIBED.