

Financial Assistance Application – Central New York Oil & Gas, LLC Cost / Benefit Analysis

The information included herein is taken from the attached Tioga County Industrial Development Agency (IDA) "Application for Financial Assistance" and various correspondence and conversations between representatives of the Tioga County Department of Economic Development and Planning, Tioga County Industrial Development Agency, County of Tioga, Town of Owego and Central New York Oil & Gas, LLC (the "Company").

PROJECT SUMMARY

Central New York Oil & Gas Company, LLC (the "Company") is located at 800 Robinson Road, Owego, NY. The Company's parent entity is Inergy, L.P. (NYSE: NRGY). Inergy, L.P. owns and operates, principally through Inergy Propane, LLC, a retail and wholesale propane supply, marketing, and distribution business in the United States. The company engages in retail marketing, sale, and distribution of propane, including the sale and lease of propane supplies and equipment, to residential, commercial, industrial, and agricultural customers. It markets its propane products under various regional brand names, including, among others: Arrow Gas, Blue Flame, Bradley Propane, Burnwell Gas, Country Gas, Dowdle Gas, Gaylord Gas, Hancock Gas, Highland Propane, Hoosier Propane, Independent Propane, Maingas, McCracken, Modern Gas, Moulton Gas Service, Northwest Energy, Ohio Gas, Pearl Gas, Pro Gas, Pulver Gas, United Propane, and Tru-Gas. As of November 1, 2006, the company served approximately 700,000 retail customers from 341 customer service centers. In addition, Inergy operates a wholesale supply, marketing, and distribution business, providing propane procurement, transportation and supply, and price risk management services to its customer service centers, as well as to independent dealers, multistate marketers, petrochemical companies, refinery and gas processors, and a number of other NGL marketing and distribution companies. It also owns and operates a midstream operation, including the following assets: the Stagecoach natural gas storage facility with approximately 13.25 billion cubic feet of working gas capacity located 150 miles northwest of New York City; an NGL business in Bakersfield, California, which includes natural gas processing, NGL fractionation, NGL rail and truck terminals, bulk storage, trucking, and marketing operations; and the Bath Storage Facility, a liquefied petroleum gas storage facility with a 1.2 million barrel salt cavern storage facility located near Bath, New York. Inergy was founded in 2001 and is headquartered in Kansas City, Missouri.

The project (the "Project") consists of **Phase I** (the "Existing Facility" or "Stagecoach I") and **Phase II** ("Phase II Stagecoach Expansion") that will eventually connect to the Company's Existing Facility.

Phase I of the Project encompasses the existing facilities within the Town of Owego in Tioga County, New York. The Company currently owns and operates the Stagecoach underground natural gas storage facility located in Tioga County, New York [and Bradford County, Pennsylvania which shall not be considered in this PILOT application]. The Existing Facility commenced operation in April 2002. It consists of the Widell Pool and the Barnhart-Owens Pool, which are two of the six gas reserves in the Stagecoach Gas Field, a depleted natural gas production field. The Existing Facility was certified for a combined total capacity of 16.75 Bcf, and currently operates with a 15.109 Bcf total inventory, of which 13.25 Bcf is working gas. Its facilities include ten injection / withdrawal (I/W) wells, seven observation wells, a 25,000 horsepower (hp) compressor station, and approximately 12 miles of interconnecting pipeline. The Existing Facility is connected to Tennessee Gas Pipeline Company's Line 300 by the Stagecoach Lateral, a 23-mile lateral owned and operated by the Company.

The tax map numbers for Phase I (the "Existing Facility") are:

- i. Parcel 161.00-1-25.1 (Compressor Station, nine (9) I/W wells, et al.)
- ii. Parcel 152.00-1-15.-7 (Widdell #7) monitoring well
- iii. Parcel 161.00-1-25.1-2 (Barnhart #2) monitoring well
- iv. Parcel 162.00-2-20.1-3 (Racht #3) monitoring well
- v. Parcel 153.14-1-7.-1 (Owen #1) monitoring well
- vi. Parcel 152.16-1-12.-8 (Jones #8) monitoring well
- vii. Parcel 151.00-2-10.-5 (Campbell #5) monitoring well
- viii. Parcel 162.00-2-6.-4 (Fyock #4) [to be deleted from assessment roll]
- ix. Parcel 172.00-2-2.1 (Mead #1) [to be deleted from assessment roll]

For the purposes of this PILOT application, the Existing Facility includes ten (10) buildings, as follows:

Main Compressor Station Building	41,078 sq. ft.
Nine (9) Meter Buildings at wellheads	Nine buildings @ 2,800 sq. ft. each for a total of 25,200 sq. ft.

Phase II

The Company anticipates expansion of the Existing Facility in Tioga County by integrating the three remaining depleted gas reservoirs (only one (1) of which is in the Town of Owego) in the Tioga County Stagecoach Field, thereby adding approximately 13.1 Bcf of working gas capacity. Phase II is intended to provide additional natural gas infrastructure to support increased demand for natural gas in the Northeast United States. Phase II will convert existing natural gas production fields that are nearly depleted into high performance, high deliverability underground natural gas storage facilities.

The company proposes to develop, connect and integrate the three remaining depleted gas reservoirs in the Tioga County Stagecoach Gas Field – the Racht Pool, the Brenchley-Cook Pool, and the Nichols-Mead Pool. The Racht Pool is in the Town of Owego. This portion of the Project will involve: (i) drilling three (3) new I/W wells (only one (1) of which is in the Town of Owego); (ii) converting three existing production wells to observation wells and plugging one well; (iii) installing approximately 2.87 miles of 6-inch and 20-inch diameter field line in the Town of Owego; and (iv) installing a 12,000 hp compressor unit* at the existing compressor station at 800 Robinson Road. [*note: for this PILOT arrangement, the compressor unit assessment value shall be included under Phase I per the terms of the Stipulation of Settlement and Order.]

As part of Phase II, the Company may also install the “North Lateral”. The Company is not certain it will construct the North Lateral as this project is subject to a number of contingencies. If the Company does construct the North Lateral, it will not be completed until the Summer of 2008, at the earliest.

Phase II facilities in Tioga County consist of the following:

- i. 2.84 mile 20-inch diameter pipeline (“mainline”)
- ii. 0.03 mile 6-inch diameter pipeline (“Racht Lateral”)
- iii. One (1) storage well (“Racht”)
- iv. One (1) access road (“Racht”)
- v. North Lateral – 9.3 mile 20-inch diameter pipeline (“mainline”)
- vi. North Lateral – Four (4) access roads (“NL-AR-1”, “NL-AR-2”, “NL-AR-3”, and “Station Access Road”)

The Company has applied for a PILOT due to the terms of a Stipulation of Settlement and Order by and between the Company, the Town of Owego, and the Owego-Apalachin School District in a pending proceeding brought pursuant to Article 7 of the Real Property Tax Law.

PROJECT DETAIL

- Proposed Site: Various properties (89± acres) across the County of Tioga located in the Town of Owego. The proposed project, both Phase I and Phase II, will require the necessary approvals from the Federal Energy Regulatory Commission (FERC). FERC will review the environmental impacts of the project under the National Environmental Policy Act (NEPA). Applicable laws of the New York State Environmental Quality Review Act (SEQRA) shall be followed.
- Job Creation: Anticipated permanent fulltime workforce by Company within Tioga County, NY is two (2) by 2009.
- Product: Phase I facility remains the same. Project creates 2.87± miles of natural gas transmission steel pipe along with necessary ancillary equipment (i.e. meter stations and valves). Project creates one (1) storage well and one (1) access road. Project installs a 12,000 hp compressor unit. Project may create 9.3± miles of natural gas transmission steel pipe and four (4) access roads.
- Project Schedule: Construction on Phase II began on October 2, 2006. The North Lateral will be considered upon completion of the Millennium Pipeline.

ESTIMATED PROJECT BUDGET

Central New York Oil & Gas, LLC

(Town of Owego, Tioga County, NY portion only)

Phase I (no change)	\$82,900,000 (assessment settlement)
<i>Note: New Compressor (part of Phase I PILOT at \$5,000,000 assessment per Exhibit I / part of Phase II costs at \$12,800,000 per Exhibit D-1 "Compressor Station" Materials and Construction)</i>	
<u>Phase II</u>	<u>\$44,570,000 (under construction)</u>

Estimated Project Total \$127,470,000

Tioga County IDA Financial Assistance Fee is 0.5% of Fair Market Value of the asset inside an Empire Zone. The Town of Owego equalization rate is currently 90%. The Phase I and Compressor calculated fee is \$488,333.

Tioga County IDA Financial Assistance Fee is 1% of Fair Market Value of the asset outside an Empire Zone. The Phase II calculated fee is \$317,700.

Total Tioga County IDA Financial Assistance Fee: \$806,033.

Financial Assistance Fee offered by the Company	\$200,000
Closing Costs <i>(estimated)</i>	\$20,000
<u>Application Fee</u>	<u>\$2,500</u>
Estimated Cost Total	\$222,500

Grand Total Company Investment \$127,692,500

Central New York Oil & Gas, LLC will have a new private equity contribution of \$44,570,000 for the Town of Owego, Tioga County, NY portion of the project.

Sales Tax / Mortgage Recording Tax

\$8,970,000 of material may be eligible for Sales Tax Abatement (8%) outside of the Empire Zone. \$7,500,000 of material may be eligible for Sales Tax Abatement (4%) in the Empire Zone. The total estimated Sales Tax Abatement could reach \$1,017,600.

The Company is requesting no Mortgage Recording Tax Exemption.

Total estimated sales tax savings for the project: \$ 1,017,600**Total estimated mortgage recording tax savings for the project: \$0****Total estimated savings on PILOT application fee: \$ 606,033**

ECONOMIC IMPACT

A) Permanent Fulltime Employment Impact:

In determining permanent fulltime employment impact to the area, we have utilized the direct-effect employment multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (1997 / 2003). The following estimates employment impact for Tioga County, New York.

Estimated Employment Impact Tioga County, NY	
	Central New York Oil & Gas, LLC
Job Creation	2
Multiplier	0.0000
Total Employment Impact to Tioga County, NY	2

Note: Multiplier = "221200 Natural Gas Distribution"

Employment Impact Summary:

1. In Tioga County, New York, the project will create two (2) permanent fulltime employees by Central New York Oil & Gas, LLC by 2009.
2. There is no additional indirect permanent fulltime job creation in Tioga County, NY.

B) Earnings Impact on an Annual Basis for Permanent Fulltime Employees:

In determining annual earnings (wages) impact for permanent fulltime employees, we have utilized the direct-effect earnings multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (1997 / 2003). The following estimates annual earnings impact for Tioga County, New York.

Estimated Annual Earnings Impact Tioga County, NY	
	Central New York Oil & Gas, LLC
Annual Earnings (2 employees)	\$140,000
Multiplier	0.0000
Total Earnings Impact to Tioga County, NY	\$140,000

Note: Multiplier = "221200 Natural Gas Distribution"

Annual Earnings Impact Summary:

1. In Tioga County, New York, the project will create \$140,000 in annual earnings for permanent fulltime employees by Central New York Oil & Gas, LLC by 2009.
2. There are no indirect results from annual permanent fulltime employee earnings in Tioga County, NY.

PROPOSED PAYMENT-IN-LIEU-OF-TAX (PILOT)

The following PILOT has been stated per the "Stipulation of Settlement and Order" (Exhibit I of the PILOT application):

PHASE I

Year	PILOT abatement percentage	Settlement Assessment (Exhibit C)	Estimated PILOT payment
1 (2008-2009)	0%	\$87,900,000	\$3,283,290
2 (2009-2010)	0%	\$87,900,000	\$3,283,290
3 (2010-2011)	0%	\$87,900,000	\$3,283,290
4 (2011-2012)	0%	\$87,900,000	\$3,283,290
5 (2012-2013)	0%	\$87,900,000	\$3,283,290
6 (2013-2014)	0%	\$87,900,000	\$3,283,290
7 (2014-2015)	0%	\$87,900,000	\$3,283,290
8 (2015-2016)	0%	\$87,900,000	\$3,283,290
9 (2016-2017)	0%	\$87,900,000	\$3,283,290
10 (2017-2018)	0%	\$87,900,000	\$3,283,290
11 (2018-2019)	0%	\$87,900,000	\$3,283,290
Total			\$36,116,190

(See Exhibit C)

Review of Assessment Numbers

CNYO&G Claimed Assessment ("Low")	\$45,630,000
Hypothetical Court Assessment ("Middle")	\$68,414,449
Settlement Assessment Result ("Solution")	\$87,900,000 (includes compressor)
Town of Owego Claimed Assessment ("High")	\$91,198,898 (\$75,107,000 in 2003 & 2004)

The following PILOT has been stated per the "Stipulation of Settlement and Order" (Exhibit I of the PILOT application):

PHASE II

Year	PILOT abatement percentage	Estimated Real Property Tax	Estimated PILOT payment
1 (2008-2009)	100%	\$1,068,022	\$33,033*
2 (2009-2010)	90%	\$1,068,022	\$136,532
3 (2010-2011)	80%	\$1,068,022	\$240,031
4 (2011-2012)	70%	\$1,068,022	\$343,529
5 (2012-2013)	60%	\$1,068,022	\$447,028
6 (2013-2014)	50%	\$1,068,022	\$550,527
7 (2014-2015)	40%	\$1,068,022	\$654,026
8 (2015-2016)	30%	\$1,068,022	\$757,525
9 (2016-2017)	20%	\$1,068,022	\$861,024
10 (2017-2018)	10%	\$1,068,022	\$964,523
11 (2018-2019)	0%	\$1,068,022	\$1,068,022
Total		\$11,748,242	\$6,055,800

* (See Exhibit E) - Fire Tax is paid by company regardless of PILOT

Notes:

- 1) Over the 11-year PILOT, no depreciation of the new pipeline has been taken into account in this calculation.
- 2) Calculation utilizes 2006-2007 tax rates for 11-year term.
- 3) New York State Real Property Tax Law [Subpart 185-1.1 (199)] defines natural gas transmission as a utility. New York State Office of Real Property Services, who assists in valuing utility pipeline, has estimated an assessment of \$203.50 / linear foot for 20" natural gas pipe (open area).

According to this estimated PILOT financial model for Phase II, over a period of eleven (11) years, Central New York Oil & Gas Company, LLC would be afforded an estimated real property tax abatement of \$ 5,692,442.

The chart on the following page (which encompasses Exhibit F through Exhibit M) presents the calculations of the potential amounts of money individual taxing jurisdictions would be responsible to pay back to CNYO&G if the PILOT is not approved and the court case continues.

Phase I Analysis – Potential Repayments to CNYO&G from Taxing Jurisdictions

Tax Year	Annual Payments to all taxing jurisdictions	Potential Amount to be repaid by taxing jurisdictions to CNYO&G	Interest Rate Compounded Annually*	Time	Interest to be paid by all taxing jurisdictions	Total Repay by all taxing jurisdictions
2003-04 Low (Exhibit F)	\$1,502,117					
2003-04	————→	\$970,369	9%	3 yrs., 6 months	\$341,618	\$1,311,987
2003-04 High (Exhibit G)	\$2,472,486					
2004-05 Low (Exhibit H)	\$1,582,907					
2004-05	————→	\$1,022,559	9%	2 yrs., 6 months	\$245,836	\$1,268,395
2004-05 High (Exhibit I)	\$2,605,466					
2005-06 Low (Exhibit J)	\$1,640,872					
2005-06	————→	\$1,638,674	9%	1 yr., 6 months	\$226,126	\$1,864,800
2005-06 High (Exhibit K)	\$3,279,546					
2006-07 Low (Exhibit L)	\$1,704,397					
2006-07	————→	\$1,702,115	9%	6 months	\$74,945	\$1,777,060
2006-07 High (Exhibit M)	\$3,406,512					
					\$888,525	\$6,222,242
					Total Interest	Total Repay

*Note: Per Real Property Tax Law §726 (2)

Phase I Analysis – Future Payments

	Annual Payments to all taxing jurisdictions	Eleven (11) years Total Payments	Difference
CNYO&G Claimed Assessment – Low (Exhibit A)	\$1,704,397	\$18,748,368	
<i>Exhibit A vs. Exhibit B</i>	—————▶		\$9,361,632
Hypothetical Court Assessment Result – Middle (Exhibit B)	\$2,555,455	\$28,110,000	
<i>Exhibit B vs. Exhibit C</i>	—————▶		\$8,006,186
Settlement Result – Solution (Exhibit C)	\$3,283,290	\$36,116,186	
<i>Exhibit C vs. Exhibit D</i>	—————▶		\$1,355,445
Town of Owego Claimed Assessment – High (Exhibit D)	\$3,406,512	\$37,471,631	
Total Difference “Low to High” over 11 years			\$18,723,263

Financial Summary of Settlement Agreement

Financial Costs to Taxing Jurisdictions per the “Stipulation of Settlement and Order”

- 1) PILOT for Phase II granted to Company estimated: \$5,692,442 [Exhibit E]
- 2) Sales Tax and Mortgage Recording Tax savings estimated at \$1,017,600
- 3) Attorney Fees to Date paid by the Town of Owego
- 4) Difference of all taxing jurisdiction funds paid between Settlement Assessment (“Solution”) and Town of Owego Claimed Assessment (“High”) for eleven (11) years: \$1,355,445 [Exhibit C vs. Exhibit D]

Total Costs: \$8,065,487 + attorney fees paid to date by the Town of Owego

Financial Benefits to Taxing Jurisdictions per the “Stipulation of Settlement and Order”

- 1) Future Attorney Fees (est.) to defend lawsuit without settlement: \$1,000,000
- 2) If case was lost in court, the repayment, with interest, of all taxing jurisdiction funds from previous years could be as high as: \$6,222,242
- 3) If case was lost in court, future years at the Company’s Claimed Assessment could result in a loss to all taxing jurisdictions for eleven (11) years: \$17,367,818

Total Benefits: \$24,590,060

JUSTIFICATION FOR DEVIATION FROM UNIFORM PILOT POLICY

The following additional points should be considered as justification for deviation from the IDA's Uniform PILOT Policy:

- The Company, the Town of Owego and the Owego-Apalachin Central School District have signed a "Stipulation of Settlement and Order" (Exhibit I of the PILOT application) so ordered on January 31, 2007 by Honorable Jeffrey A. Tait, Justice of the New York State Supreme Court, that states in part:
 1. RECITALS: (C) The Parties are desirous of settling and discontinuing the above-captioned judicial proceedings pursuant to the terms set forth in this Stipulation. The Parties and the Court have fully reviewed the settlement terms and each has determined that this settlement is in compliance with applicable legal requirements, and is in the best interest of all Parties.
 2. RECITALS: (D) The settlement of these proceedings is contingent upon CNYO&G entering into a Payment in Lieu of Tax ("PILOT") Agreement with the Tioga County Industrial Development Agency ("Tioga County IDA") that contains the terms described in this Stipulation.
 3. TERMS: (13) This Stipulation is conditioned upon the execution by the CNYO&G and the Tioga County IDA of the PILOT Agreement.
- Settlement of this lawsuit will allow the Town of Owego to stabilize the tax base.

SUMMARY

- In Tioga County, New York, Central New York Oil & Gas Company, LLC is contributing \$44,570,000 in private capital investment, two (2) new fulltime permanent jobs and \$140,000 in new fulltime permanent annual wage earnings by 2009. No annual indirect economic benefits for Tioga County, New York per US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis.
- Central New York Oil & Gas Company, LLC would enter into an agreement for a Tioga County IDA 0% tax abatement PILOT for eleven (11) years for Phase I ("Solution" Assessment would be a set amount) with total payments made estimated at \$36,116,190. (see Exhibit C)
- Central New York Oil & Gas Company, LLC would enter into an agreement for a Tioga County IDA standard PILOT for eleven (11) years for Phase II with total payments made estimated at \$6,055,800. (see Exhibit E)
- If this PILOT is not granted, the "Stipulation of Settlement and Order" signed by Central New York Oil & Gas Company, LLC, the Town of Owego and the Owego-Apalachin School District would become invalid and the lawsuit would continue to proceed.
- Utilizing the Tioga County IDA standard PILOT payment schedule, Central New York Oil & Gas Company, LLC would be afforded a real property tax abatement on Phase II estimated at \$5,692,442 for the eleven (11) year PILOT period.
- Central New York Oil & Gas Company, LLC is requesting sales tax savings that may reach \$1,017,600 for material. The Company is requesting no Mortgage Recording Tax Exemption.
- Central New York Oil & Gas, LLC is requesting a PILOT application fee savings estimated at \$606,033.
- The Financial *Costs* to Taxing Jurisdictions per the "Stipulation of Settlement and Order" have been estimated at \$8,065,487 + attorney fees paid to date by the Town of Owego.
- The Financial *Benefits* to Taxing Jurisdictions per the "Stipulation of Settlement and Order" could potentially be as high as \$24,590,060.

CNYOG Hypothetical Court Assessment Result (Phase I)

Tioga County and its local municipalities levy NO income, occupational, inventory or luxury taxes. It does however assess real property. The following illustrates the impact of today's tax rates on the proposed project:

CNYO&G Hypothetical Assessment Number (Phase I) (Typically, the courts "split the difference" during an assessment grievance)	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Hypothetical scenario if no settlement was reached in this lawsuit. The courts could "split the difference" with assessment grievances.
<u>Town Assessment Information*</u>	
Assessment:	\$ 68,414,449 (Middle number between \$91,198,898 and \$45,630,000)
Equalization rate:	90.00%
Fair Market Value:	\$ 76,016,054
<u>Tax Rates per \$1,000 of assessed value (2006 / 2007)*</u>	
Tioga County	9.602
Town of Owego	2.661308
Owego-Apalachin School	23.53697
Recycle	<u>0.397</u>
Total tax rate subject to PILOT	36.197278
<u>Taxes NOT subject to PILOT*</u>	
Fire Tax Rate	1.155278

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

Payment-In-Lieu-Of-Tax (PILOT) illustration								
Year	PILOT	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
1	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
2	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
3	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
4	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
5	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
6	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
7	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
8	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
9	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
10	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
11	100%	\$ 1,610,269	\$ 656,916	\$ 182,072	\$ 27,161	\$ 2,476,417	\$ 79,038	\$ 2,555,455
Note: Fire taxes are not subject to the terms of the PILOT agreement per NYS law.							Totals	\$ 28,110,000

Total payable over eleven (11) years under current Town of Owego assessment would be: \$ 28,110,000

This is what CNYO&G would pay in taxes with a hypothetical court settlement for Phase I.

CNYOG Settlement Assessment (Phase I)

Tioga County and its local municipalities levy NO income, occupational, inventory or luxury taxes. It does however assess real property. The following illustrates the impact of today's tax rates on the proposed project:

CNYO&G and Town of Owego Settlement Solution Assessment (Phase I) (Assessment Settlement Solution)	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Settlement Assessment agreed to by all signed parties (see Exhibit I) \$82,900,000 + \$5,000,000 (new compressor) (page 3 of Exhibit I)
<u>Town Assessment Information*</u>	
Assessment:	\$ 87,900,000 (page 4 of Exhibit I)
Equalization rate:	90.00%
Fair Market Value:	\$ 97,666,667
<u>Tax Rates per \$1,000 of assessed value (2006 / 2007)*</u>	
Tioga County	9.602
Town of Owego	2.661308
Owego-Apalachin School	23.53697
Recycle	<u>0.397</u>
Total tax rate subject to PILOT	36.197278
<u>Taxes NOT subject to PILOT*</u>	
Fire Tax Rate	1.155278

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

Payment-In-Lieu-Of-Tax (PILOT) illustration									
Year	PILOT	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable	
1	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
2	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
3	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
4	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
5	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
6	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
7	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
8	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
9	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
10	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
11	100%	\$ 2,068,900	\$ 844,016	\$ 233,929	\$ 34,896	\$ 3,181,741	\$ 101,549	\$ 3,283,290	
Note: Fire taxes are not subject to the terms of the PILOT agreement per NYS law.							Totals		\$ 36,116,186

Total payable over eleven (11) years under current Town of Owego assessment would be: \$ 36,116,186

This is what CNYO&G would pay in taxes for Phase I if the PILOT is approved.

CNYOG Current Assessment with Town of Owego (Phase I)

Tioga County and its local municipalities levy NO income, occupational, inventory or luxury taxes. It does however assess real property. The following illustrates the impact of today's tax rates on the proposed project:

CNYO&G Current Assessment with the Town of Owego (Phase I)	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Current Assessment with Town of Owego
<u>Town Assessment Information*</u>	
Assessment:	\$ 91,198,898 (page 4 of Exhibit I)
Equalization rate:	90.00%
Fair Market Value:	\$ 101,332,109
<u>Tax Rates per \$1,000 of assessed value (2006 / 2007)*</u>	
Tioga County	9.602
Town of Owego	2.661308
Owego-Apalachin School	23.53697
Recycle	<u>0.397</u>
Total tax rate subject to PILOT	36.197278
<u>Taxes NOT subject to PILOT*</u>	
Fire Tax Rate	1.155278

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

Payment-In-Lieu-Of-Tax (PILOT) illustration									
Year	PILOT	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable	
1	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
2	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
3	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
4	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
5	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
6	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
7	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
8	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
9	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
10	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
11	100%	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512	
Note: Fire taxes are not subject to the terms of the PILOT agreement per NYS law.								Totals	\$ 37,471,631

Total payable over eleven (11) years under current Town of Owego assessment would be: \$ 37,471,631

This is what CNYO&G would pay in taxes if the Town of Owego prevailed in the court case for Phase I.

CNYOG Town of Owego Assessment Settlement 2007 (Phase II)

Tioga County and its local municipalities levy NO income, occupational, inventory or luxury taxes. It does however assess real property. The following illustrates the impact of today's tax rates on the proposed project:

CNYO&G extension to Millennium Pipeline (Phase II)	
Property Name:	CNYO&G northern extension to Millennium Pipeline
Property Location:	Town of Owego, Tioga County, New York
Project Description:	Construction of "Phase II Stagecoach Expansion" per Exhibit I (\$12,800,000 Compressor cost has been removed from \$44,570,000)
<u>Town Assessment Information*</u>	
Assessment:	\$ 28,593,000
Equalization rate:	90.00%
Fair Market Value:	\$ 31,770,000 (page D-1 of Exhibit D - revised)
<u>Tax Rates per \$1,000 of assessed value (2006 / 2007)*</u>	
Tioga County	9.602
Town of Owego	2.661308
Owego-Apalachin School	23.53697
Recycle	<u>0.397</u>
Total tax rate subject to PILOT	36.197278
<u>Taxes NOT subject to PILOT*</u>	
Fire Tax Rate	1.155278

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

Payment-In-Lieu-Of-Tax (PILOT) illustration								
Year	PILOT	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
1	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,033	\$ 33,033
2	10%	\$ 67,299	\$ 27,455	\$ 7,609	\$ 1,135	\$ 103,499	\$ 33,033	\$ 136,532
3	20%	\$ 134,599	\$ 54,910	\$ 15,219	\$ 2,270	\$ 206,998	\$ 33,033	\$ 240,031
4	30%	\$ 201,898	\$ 82,365	\$ 22,828	\$ 3,405	\$ 310,497	\$ 33,033	\$ 343,529
5	40%	\$ 269,197	\$ 109,820	\$ 30,438	\$ 4,541	\$ 413,996	\$ 33,033	\$ 447,028
6	50%	\$ 336,496	\$ 137,275	\$ 38,047	\$ 5,676	\$ 517,494	\$ 33,033	\$ 550,527
7	60%	\$ 403,796	\$ 164,730	\$ 45,657	\$ 6,811	\$ 620,993	\$ 33,033	\$ 654,026
8	70%	\$ 471,095	\$ 192,185	\$ 53,266	\$ 7,946	\$ 724,492	\$ 33,033	\$ 757,525
9	80%	\$ 538,394	\$ 219,640	\$ 60,876	\$ 9,081	\$ 827,991	\$ 33,033	\$ 861,024
10	90%	\$ 605,693	\$ 247,095	\$ 68,485	\$ 10,216	\$ 931,490	\$ 33,033	\$ 964,523
11	100%	\$ 672,993	\$ 274,550	\$ 76,095	\$ 11,351	\$ 1,034,989	\$ 33,033	\$ 1,068,022
Note: Fire taxes are not subject to the terms of the PILOT agreement per NYS law.							Totals	\$ 6,055,800

Total abatement over ten years with this proposed PILOT would be: \$ 5,692,438

Average abatement per year over ten years is: \$ 569,244

This would be the amount of tax abatement granted to CNYO&G for Phase II if the PILOT is approved.

CNYOG Claimed Assessment (2003-04 "Low")

CNYO&G Claimed Assessment (2003-04 "Low")

Property Name: CNYO&G Phase I
 Property Location: 800 Robinson Road, Town of Owego, Tioga County, New York
 Project Description: Tax Roll May 2003; School September 2003; Town/County January 2004

Town Assessment Information*

Assessment: \$ 45,630,000
 Equalization rate: 100.00%
 Fair Market Value: \$ 45,630,000

Tax Rates per \$1,000 of assessed value (2003 / 2004)*

Tioga County 9.159
 Town of Owego 2.335993
 Owego-Apalachin School 20.21963
 Recycle 0.245
 Total tax rate 31.959623

Fire Tax Rate 0.959891

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

2003 - 2004 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2003-2004	\$ 922,622	\$ 417,925	\$ 106,591	\$ 11,179	\$ 1,458,318	\$ 43,800	\$ 1,502,117

Town of Owego Claimed Assessment (2003-04 "High")

Town of Owego Claimed Assessment (2003-04 "High")	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Tax Roll May 2003; School September 2003; Town/County January 2004
<u>Town Assessment Information*</u>	
Assessment:	\$ 75,107,000
Equalization rate:	100.00%
Fair Market Value:	\$ 75,107,000
<u>Tax Rates per \$1,000 of assessed value (2003 / 2004)*</u>	
Tioga County	9.159
Town of Owego	2.335993
Owego-Apalachin School	20.21963
Recycle	<u>0.245</u>
Total tax rate	31.959623
Fire Tax Rate	0.959891

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

2003 - 2004 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2003-2004	\$ 1,518,636	\$ 687,905	\$ 175,449	\$ 18,401	\$ 2,400,391	\$ 72,095	\$ 2,472,486

CNYOG Claimed Assessment (2004-05 "Low")

CNYO&G Claimed Assessment (2004-05 "Low")	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Tax Roll May 2004; School September 2004; Town/County January 2005
<u>Town Assessment Information*</u>	
Assessment:	\$ 45,630,000
Equalization rate:	100.00%
Fair Market Value:	\$ 45,630,000
<u>Tax Rates per \$1,000 of assessed value (2004 / 2005)*</u>	
Tioga County	9.705
Town of Owego	2.457372
Owego-Apalachin School	21.27844
Recycle	<u>0.216</u>
Total tax rate	33.656812
Fire Tax Rate	1.033237

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

2004 - 2005 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2004-2005	\$ 970,935	\$ 442,839	\$ 112,130	\$ 9,856	\$ 1,535,760	\$ 47,147	\$ 1,582,907

Town of Owego Claimed Assessment (2004-05 "High")

Town of Owego Claimed Assessment (2004-05 "High")	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Tax Roll May 2004; School September 2004; Town/County January 2005
<u>Town Assessment Information*</u>	
Assessment:	\$ 75,107,000
Equalization rate:	100.00%
Fair Market Value:	\$ 75,107,000
<u>Tax Rates per \$1,000 of assessed value (2004 / 2005)*</u>	
Tioga County	9.705
Town of Owego	2.457372
Owego-Apalachin School	21.27844
Recycle	<u>0.216</u>
Total tax rate	33.656812
Fire Tax Rate	1.033237

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

2004 - 2005 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2004-2005	\$ 1,598,160	\$ 728,913	\$ 184,566	\$ 16,223	\$ 2,527,862	\$ 77,603	\$ 2,605,466

CNYOG Claimed Assessment (2005-06 "Low")

CNYO&G Claimed Assessment (2005-06 "Low")	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Tax Roll May 2005; School September 2005; Town/County January 2006
<u>Town Assessment Information*</u>	
Assessment:	\$ 45,630,000
Equalization rate:	96.00%
Fair Market Value:	\$ 47,531,250
<u>Tax Rates per \$1,000 of assessed value (2005 / 2006)*</u>	
Tioga County	9.732
Town of Owego	2.507363
Owego-Apalachin School	22.38571
Recycle	<u>0.26</u>
Total tax rate	34.885073
Fire Tax Rate	1.075294

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2005 - 2006 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2005-2006	\$ 1,021,460	\$ 444,071	\$ 114,411	\$ 11,864	\$ 1,591,806	\$ 49,066	\$ 1,640,872

Town of Owego Claimed Assessment (2005-06 "High")

Town of Owego Claimed Assessment (2005-06 "High")

Property Name: CNYO&G Phase I
 Property Location: 800 Robinson Road, Town of Owego, Tioga County, New York
 Project Description: Tax Roll May 2005; School September 2005; Town/County January 2006

Town Assessment Information*

Assessment: \$ 91,198,898
 Equalization rate: 96.00%
 Fair Market Value: \$ 94,998,852

Tax Rates per \$1,000 of assessed value (2005 / 2006)*

Tioga County 9.732
 Town of Owego 2.507363
 Owego-Apalachin School 22.38571
 Recycle 0.26
 Total tax rate 34.885073

Fire Tax Rate 1.075294

***This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.**

2005 - 2006 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2005-2006	\$ 2,041,552	\$ 887,548	\$ 228,669	\$ 23,712	\$ 3,181,480	\$ 98,066	\$ 3,279,546

CNYOG Claimed Assessment (2006-07 "Low")

CNYO&G Claimed Assessment (2006-07 "Low")

Property Name: CNYO&G Phase I
 Property Location: 800 Robinson Road, Town of Owego, Tioga County, New York
 Project Description: Tax Roll May 2006; School September 2006; Town/County January 2007

Town Assessment Information*

Assessment: \$ 45,630,000
 Equalization rate: 90.00%
 Fair Market Value: \$ 50,700,000

Tax Rates per \$1,000 of assessed value (2006 / 2007)*

Tioga County 9.602
 Town of Owego 2.661308
 Owego-Apalachin School 23.53697
 Recycle 0.397
 Total tax rate 36.197278

Fire Tax Rate 1.155278

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2006 - 2007 Taxing Jurisdiction Illustration

Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2006-2007	\$ 1,073,992	\$ 438,139	\$ 121,435	\$ 18,115	\$ 1,651,682	\$ 52,715	\$ 1,704,397

Town of Owego Claimed Assessment (2006-07 "High")

Town of Owego Claimed Assessment (2006-07 "High")	
Property Name:	CNYO&G Phase I
Property Location:	800 Robinson Road, Town of Owego, Tioga County, New York
Project Description:	Tax Roll May 2006; School September 2006; Town/County January 2007
<u>Town Assessment Information*</u>	
Assessment:	\$ 91,198,898
Equalization rate:	90.00%
Fair Market Value:	\$ 101,332,109
<u>Tax Rates per \$1,000 of assessed value (2006 / 2007)*</u>	
Tioga County	9.602
Town of Owego	2.661308
Owego-Apalachin School	23.53697
Recycle	<u>0.397</u>
Total tax rate	36.197278
Fire Tax Rate	1.155278

*This is for planning purposes only and does not represent guarantees by Tioga County Economic Development and Planning or Tioga County Industrial Development Agency.

2006 - 2007 Taxing Jurisdiction Illustration							
Year	School Tax Payable	County Tax Payable	Town Tax Payable	Recycle Tax	Sub-total	Fire Tax	Total Payable
2006-2007	\$ 2,146,546	\$ 875,692	\$ 242,708	\$ 36,206	\$ 3,301,152	\$ 105,360	\$ 3,406,512