
PETITION OF NY TRANSCO LLC FOR AN ORDER
PROVIDING FOR LIGHTENED REGULATION

Case 15-E-0743

STATE OF NEW YORK)
) ss.:
COUNTY OF ALBANY)

Stuart M. Nachmias, being duly sworn, deposes and states:

1. I am the President of New York Transco LLC ("NY Transco").
2. I have personal knowledge of the facts set forth in this Affidavit based upon my position, duties, and responsibilities as President for NY Transco and based upon my review of NY Transco's files concerning the Ramapo to Rock Tavern ("RRT"), Staten Island UnBottling ("SIU"), and Fraser to Coopers Corners ("FCC") transmission projects approved by the Commission in *Case 12-E-0503, Proceeding on Motion to Review Generation Retirement Contingency Plans*.
3. I submit this affidavit in support of NY Transco's petition for Lightened Regulation and for a Certificate of Public Convenience and Necessity ("CPCN") under Section 68 of the Public Service Law in the above referenced proceeding.

**NY Transco does not Require any Municipal Consents for the
RRT, SIU, and/or the FCC Projects**

4. As part of the RRT project, NY Transco will lease and purchase certain property rights from Consolidated Edison Company of New York, Inc. ("Con Edison"), Orange and Rockland Utilities, Inc. ("O&R"), and Central Hudson Gas and Electric Corporation ("Central Hudson").

As more fully described in the Con Edison, Orange and Rockland, and NY Transco's joint Section 70 petition ("RRT and SIU Section 70 Petition"),¹ NY Transco will assume ownership of three distinct types of property as part of the RRT project: real property, intangible property, and personal property.

5. As part of the RRT project, NY Transco will own certain personal property consisting of a new 345kV transmission line that runs on the same towers and rights of way of the Con Edison 345kV Feeder 77.

6. NY Transco's interest in real property as part of the RRT project will be limited to the real property set forth in the RRT Lease Agreement with Con Edison attached hereto as **Exhibit A** ("RRT Lease").

7. The real property consists of that property associated with the personal property being transferred, i.e. the 345kV conductor from the Sugarloaf substation to Rock Tavern substation. The real property on which the towers and feeders are located consists of what is commonly known as the Con Edison Right-of-Way, and is comprised of real property that Con Edison either owns in fee or for which it has been granted an easement.

8. Pursuant to the RRT Lease, NY Transco will have shared access to its owned facilities as set forth in the RRT Lease, and NY Transco will have the rights conveyed to it in the lease that allow it to manage the portion of Feeder 76 that it will own as personal property in its current location.

9. As part of the RRT Lease Con Edison represented and warranted that:

¹ Case 16-E-0013, Joint Petition of Orange and Rockland Utilities, Inc., Consolidated Edison Company of New York, Inc., and New York Transco LLC for Approval of a Transfer or Lease of Assets.

Subject to the satisfaction of the conditions set forth in Section 24 hereof, Landlord has full power and authority to enter into and perform this Lease in accordance with its terms and execution and delivery of this Lease by Landlord has been fully authorized by all requisite corporate action, all necessary third part consents have been obtained and the execution and delivery of this Lease does not and, the consummation of the transactions contemplated hereby will not, violate any provision of any agreement to which Landlord is a party or by which it is bound.

RRT Lease, Section 8(c).

10. Exhibit A to the RRT Lease lists the parcel of real property owned by Con Edison while Exhibit B to the RRT Lease clearly lists utility easement agreements for property which Con Edison has an easement over, together Exhibit A and Exhibit B list all of the parcels of real property in which NY Transco is gaining a property interest via the RRT Lease.

11. As stated above, Con Edison has represented in the RRT Lease that “all necessary third party consents have been obtained” and that the Lease does not “violate any provision of any agreement to which Landlord is a party or by which it is bound,” NY Transco does not require any municipal consents for a CPCN associated with the RRT project.

12. As part of the SIU project, and as more fully described in the RRT and SIU Section 70 Petition, NY Transco will assume ownership only of intangible property as part of the SIU project.

13. As NY Transco will not have physical title to any property associated with the SIU project, which is being constructed solely within substations owned by others, and no municipal consents are required for the SIU project.

14. As part of the FCC project, NY Transco will lease and purchase certain property rights from New York State Electric & Gas Corporation (“NYSEG”). As more fully described in

NYSEG and NY Transco's joint Section 70 Petition ("FCC Section 70 Petition"),² NY Transco will assume ownership of three distinct types of property as part of the FCC project: real property, intangible property, and personal property.

15. As part of the FCC project, NY Transco will own certain personal property consisting of the 240 MVAR series capacitor bank station and equipment and facilities installed for the reconductoring of the 345kV line between the Fraser and Coopers Corners substations.

16. NY Transco's interest in of real property as part of the FCC project will be limited to the real property set forth in the FCC Lease Agreement with NYSEG attached hereto as **Exhibit B** ("FCC Lease").

17. The real property consists of only that property associated with the personal property being transferred, i.e. the MVAR 240 series capacitor bank and the equipment and facilities being installed for the reconductoring 345kV conductor between Fraser and Coopers Corners substations. The real property to be transferred consists of the NYSEG's fee interest in land constituting the footprint of the 240 MVAR series capacitor bank yard, see **Exhibit B** attached hereto, and a combination of NYSEG-owned fee and easement interests in parcels along the segment of the line which are being reconductored.

18. Pursuant to the FCC Lease, NY Transco will have access to its owned facilities as set forth in the FCC Lease.

19. As part of the FCC Lease NYSEG represented and warranted that:

² Case 16-E-0012, Joint Petition of New York State Electric & Gas Company and New York Transco LLC for Approval of a Transfer or Lease of Assets.

Subject to the satisfaction of the conditions set forth in Section 24 hereof, Landlord has full power and authority to enter into and perform this Lease in accordance with its terms and execution and delivery of this Lease by Landlord has been fully authorized by all requisite corporate action, all necessary third part consents have been obtained and the execution and delivery of this Lease does not and, the consummation of the transactions contemplated hereby will not, violate any provision of any agreement to which Landlord is a party or by which it is bound.

FCC Lease, Section 8(c).

20. Exhibit A to the FCC Lease lists the parcels of real property owned by NYSEG while Exhibit B to the FCC Lease clearly lists utility easement agreements for property which NYSEG has an easement. Together Exhibit A and Exhibit B list all of the parcels of real property in which NY Transco is gaining a property interest via the FCC Lease.

21. As NYSEG has represented in the FCC Lease that “all necessary third party consents have been obtained” and that the Lease does not “violate any provision of any agreement to which Landlord is a party or by which it is bound,” NY Transco does not require any municipal consents for a CPCN associated with the FCC project.

**NY Transco is a FERC Approved Transmission Corporation and FERC
has set Rates for the Transmission of Wholesale Electricity**

22. FERC has previously determined that NY Transco is economically feasible by its approval of NY Transco’s formula rate under Section 205 of the FPA, which reasoning is outlined in its Order. Attached hereto as **Exhibit C** is the FERC Order approving the Settlement Agreement, and as **Exhibit D** is the November 25, 2015 Comments of the Applicants; see also the Offer of Partial Settlement in the FERC proceeding attached as Exhibit A to the Petition for Lightened Regulation.

23. The formula rate is designed to collect NY Transco’s actual operating and maintenance expenses, including interest expenses, as well as a fair return on an equity capital investment.

24. The formula rate contains FERC approved protocols to provide for annual rate adjustments and reconciliation procedures to ensure NY Transco recovers its actual cost of service.

25. The New York Independent System Operator will bill out NY Transco's revenue requirement and remit collections to NY Transco on a weekly basis thereby providing for sound cash flows.

26. As demonstrated by Exhibits C, D, and Exhibit A to the Petition for Lightened Regulation, NY Transco has sufficient ability to finance improvements to any electric plants owned by the company.

27. NY Transco's officers are employees of various New York State utilities and their affiliates, including Rochester Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., Central Hudson, and National Grid USA Service Company. As set forth in **Exhibit E** attached hereto, they have significant experience in the operation of utilities in the State of New York.

28. NY Transco will enter into certain Operating & Maintenance agreements with Con Edison and NYSEG as part of its purchase of the assets associated with the RRT, SIU, and FCC projects that will provide for the operation and maintenance of the transmission equipment by Con Edison and NYSEG. As such, NY Transco has the ability to render safe, adequate and reliable service.

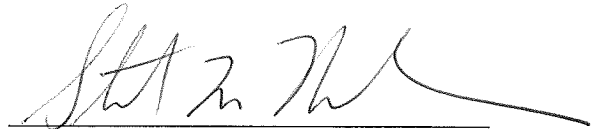
29. NY Transco will provide wholesale electricity in the State of New York at just and reasonable rates. NY Transco's rates are subject to FERC regulation and administration under

the NYISO and its tariffs. Prior to constructing any project, NY Transco will have to satisfy the requirements in the NYISO tariff to demonstrate that it has the financial resources, technical expertise, and overall experience needed to develop, construct, operate and maintain bulk power transmission facilities. NY Transco has already met these tariff requirements and has been approved by the NYISO as a transmission developer under its transmission planning process.

30. Following a rate making proceeding at FERC, on March 17, 2016 FERC issued an order setting NY Transco's rates for the RRT, SIU, and FCC projects. See **Exhibit C**.

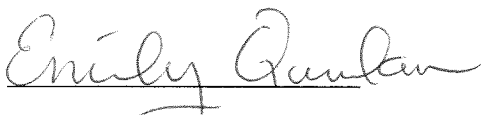
31. NY Transco previously filed its Articles of Organization as Exhibit B to its Petition for Lightened Regulation in this proceeding. Attached hereto are the relevant portions of the NY Transco Limited Liability Agreement which demonstrate that NY Transco was established for "the purpose of planning, constructing, owning, operating, maintaining and expanding transmission facilities and for any other lawful business, purpose or activity for which limited liability companies may be formed under the Act." See **Exhibit F** attached hereto.

32. For the reasons set forth in NY Transco's Petition for Lightened Regulation, and in the above paragraphs, the issuance of a CPCN under Section 68 of the Public Service Law to NY Transco is in the public interest and NY Transco respectfully requests that the Commission issue NY Transco a CPCN.



Stuart M. Nachmias

Sworn to before me this
21 day of April, 2016


Notary Public

EMILY PERKS QUINLAN
Notary Public, State of New York
No. 02QU6252029
Qualified in New York County
Commission Expires November 28, 2019

EXHIBIT A

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “*Agreement*” or “*Lease*”) is made and entered into as of February 23, 2016 by and between **CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**, a New York corporation having its offices located at 4 Irving Place, New York, New York 10003 (“*Landlord*”) and **NEW YORK TRANSCO LLC**, a New York limited liability company, with offices located at c/o Consolidated Edison Transmission, LLC, 4 Irving Place, New York, New York 10003 (“*Tenant*”). Landlord and Tenant are at times collectively referred to hereinafter as the “*Parties*” or individually as a “*Party*.” The effectiveness of this Lease is subject to the satisfaction of certain conditions as described in Section 24 hereof; if such conditions are not satisfied (or waived) as provided therein, then this Agreement shall automatically terminate, never having been of any force or effect.

RECITALS

WHEREAS, Landlord owns those certain parcels of real property set forth on Exhibit A annexed hereto and made a part hereof (the “*Fee Properties*”); and

WHEREAS, Landlord is the grantee under those certain utility easement agreements set forth on Exhibit B annexed hereto and made a part hereof, affecting those certain parcels of property more particularly described therein (the “*Easement Properties*” and, collectively with the Fee Properties, the “*Property*”); and

WHEREAS, Landlord owns structures on the Property including, without limitation, towers, poles, pylons and cross arms as further described in Exhibit C annexed hereto and made a part hereof (the “*Structural Improvements*”); and

WHEREAS, Tenant has requested to lease a portion of the Property from Landlord for the purpose of (i) constructing, reconstructing, altering, upgrading, owning, operating, maintaining, repairing, improving, enhancing, inspecting, removing and replacing that certain 345 kV overhead transmission line on the Property commonly known as the “2nd Rock Tavern to Ramapo 345 kV Line” and consisting of the conductor and insulators running between the Sugarloaf and Rock Tavern Substations (the “*Transmission Line*”), which is being transferred, conveyed and sold by Landlord to Tenant pursuant to that certain Asset Purchase Agreement by and between Landlord and Tenant dated as of January 7, 2016 (as amended and in effect from time to time in accordance with its terms, the “*Asset Purchase Agreement*”) and (ii) attaching the Transmission Line to the Structural Improvements; and

WHEREAS, Landlord has agreed, subject to the receipt of certain Required Approvals (as defined in Section 24) and the closing of the transactions contemplated by the Asset Purchase Agreement, among other things, to lease the Property, on a non-exclusive basis, to Tenant for the aforementioned purpose, upon the terms and subject to the other conditions hereof.

NOW, THEREFORE, in consideration of the foregoing recitals, and other good and

valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Leased Site. Landlord leases to Tenant and Tenant leases from Landlord the corridor identified and set forth on the survey attached hereto as Exhibit D and made a part hereof (the “**Leased Site**”). Landlord is leasing the Leased Site to Tenant, and Tenant is leasing the Leased Site from Landlord, for the construction, reconstruction, alteration, upgrade, operation, maintenance, repair, improvement, enhancement, inspection, removal and replacement of the Transmission Line, together with non-exclusive easements for pedestrian and vehicular ingress and egress across the Property to and from the Leased Site to the extent required for the exercise of Tenant’s rights under this Lease.

2. Term; Rent. This Lease shall commence simultaneously with Tenant’s purchase of the Transmission Line and the closing under the Asset Purchase Agreement (the “**Commencement Date**”) and end on the 99th anniversary of the Commencement Date, unless sooner terminated in accordance with Applicable Law (as hereinafter defined) or the terms of this Lease (the “**Term**”). On the Commencement Date, Tenant shall pay Landlord up-front rent for the Term of the Lease in the amount of Seven Million Six Hundred Forty-Six Thousand Eight Hundred Ninety-One and 00/100 Dollars (\$7,646,891) (the “**Rent**”).

3. Use.

(a) Tenant shall use the Leased Site for the sole purpose of the constructing, reconstructing, altering, upgrading, owning, operating, maintaining, repairing, improving, enhancing, inspecting, commissioning, removing and replacing the Transmission Line and uses incidental thereto (the “**Permitted Use**”) and for no other business or purpose without the prior written consent of Landlord, which consent may be withheld in Landlord’s sole and absolute discretion. Tenant shall ensure that the Permitted Use does not interfere with any present or future use by Landlord or any other operations of Landlord or its affiliate companies; provided that, with respect to any future uses, Landlord shall provide written notice of any proposed future use of the Leased Site to Tenant and the Parties shall work together to insure that the future use is not inconsistent with, and does not materially interfere with, the Permitted Use granted hereunder. The question of whether there is any such interference shall be determined in the reasonable discretion of Landlord consistent with the terms of this Agreement. Furthermore, Tenant acknowledges that during the Term, certain outages may be required in connection with Landlord’s constructing, reconstructing, altering, upgrading, owning, operating, maintaining, repairing, improving, enhancing, inspecting, commissioning, removing and/or replacing Landlord’s transmission line (“**Landlord’s TL Work**”), the Common ROW Maintenance (as hereinafter defined) and the Structural Improvement Maintenance (as hereinafter defined). Accordingly, Tenant shall be prohibited from conducting any work that interferes with Landlord’s TL Work, the Common ROW Maintenance or the Structural Improvement Maintenance on the Leased Site or Property during the period of any such outages. Except in the case of emergencies, Landlord will provide Tenant with reasonable advance notice of any such outages. Notwithstanding the foregoing, it is the intention of the Parties that the Permitted Use be allowed to continue during the outages provided the Permitted Use does not interfere with the outages, Landlord’s TL Work, the Common ROW Maintenance (as hereinafter defined) or the Structural Improvement Maintenance.

(b) At all times during the Term, Tenant shall have the non-exclusive right to occupy the Leased Site. Landlord reserves the right to use the Leased Site and Property for any purpose, or to grant easements or leases in favor of third persons for any other lawful purpose permitted under Applicable Laws, so long as any such uses, easements or leases do not materially interfere with any of Tenant's rights under this Lease. Without limiting the foregoing, Landlord shall not use or grant the use of the Leased Site for the construction or location of any building, permanent improvement or other obstruction that materially interferes with Tenant's rights under this Lease. During the Term, any proposed easement or lease for all or any portion of the Leased Site for electric use shall be subject to Tenant's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

(c) Landlord acknowledges that the Transmission Line is or will be attached to the previously vacant position on the east side of Landlord's transmission towers located on the Property (the "**Open Position**"). During the Term, Tenant shall have the continuing right, without additional charge or fee, to attach to Landlord's transmission towers in the Open Position. Upon the expiration or early termination hereof, Tenant shall promptly remove the Transmission Line from the Property and expeditiously prosecute such work in accordance with good utility practices. Should Tenant fail to remove the Transmission Line from the Leased Site it shall be deemed abandoned by Tenant and may be disposed of in any manner deemed appropriate by the Landlord at Tenant's sole cost and expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

4. Compliance with Applicable Laws, Regulations and Procedures; NERC and NPCC Reliability Standards Compliance.

(a) Landlord and Tenant shall each comply with and shall cause all their respective employees, contractors and subcontractors to comply with all existing utility easement agreements related to the Leased Site and Property, any maintenance agreements that may be in effect from time to time relating to performance of the Structural Improvement Maintenance or Common ROW Maintenance, all applicable foreign, federal, state, county, local or municipal laws, rules, regulations, ordinances, directives, orders and judgments, enacted, adopted, issued or promulgated by any Governmental Authority, including but not limited to any Environmental Law (as hereinafter defined), now in effect or which may hereafter come into effect (individually or collectively, "**Applicable Laws**") as well as, with respect to Tenant, all regulations, procedures and directives of Landlord, including, but not limited to scheduling of work ("**Landlord Requirements**"), while at or about the Property. Furthermore, Tenant shall, at Tenant's sole cost and expense, maintain the Transmission Line in compliance with all Applicable Laws and Landlord Requirements and comply with all Applicable Laws and Landlord Requirements. As used in this Agreement, the term "**Governmental Authority**" means any federal, state, local, domestic or foreign government or any court, administrative or regulatory agency (including, but not limited to the New York State Public Service Commission and the New York Independent System Operator), board, committee or commission or other governmental entity or instrumentality, domestic, foreign or supranational or any department thereof. Tenant shall be responsible for ensuring compliance and shall be accountable for compliance violations and penalties, if any, related to all NERC Reliability Standards, NPCC Reliability Standards, NPCC Directories and NPCC Criteria Requirements that arise due to the ownership and/or operation of the Transmission Line. Landlord shall be responsible for ensuring

compliance and shall be accountable for compliance violations and penalties, if any, related to all NERC Reliability Standards, NPCC Reliability Standards, NPCC Directories and NPCC Criteria Requirements that arise due to the ownership and/or operation of the Structural Improvements and Landlord's transmission line.

(b) As used in this Agreement, the following terms shall have the following meaning:

“**NERC**” means the North American Electric Reliability Corporation.

“**NPCC**” mean the Northeast Power Coordinating Council.

5. Installation, Ownership and Maintenance of the Transmission Line.

(a) From and after the closing of the Asset Purchase Agreement, Tenant shall own the Transmission Line. Landlord shall have no ownership or other interest in the Transmission Line or other equipment or personal property of Tenant installed on or located on the Property. During the Term, Tenant will maintain the Transmission Line in good order and repair. Tenant shall immediately repair any damage to the Property and/or the Leased Site caused by Tenant or its contractors during performance of the Permitted Use. Landlord shall have the right to assign one or more inspectors, oversight personnel or other representatives to inspect and/or oversee the performance of the Permitted Use, at the sole expense of Tenant as provided below; provided, however, that Landlord shall have no obligation to conduct any such inspections or oversight. Any instructions from Landlord's inspectors, oversight personnel or other representatives must be strictly and promptly obeyed by Tenant. Any failure to follow any such instructions shall constitute a default hereunder and, in the event such failure creates a dangerous condition, may result in the immediate suspension of Tenant's right to perform the Permitted Use pursuant to this Lease. Tenant shall pay Landlord for its expenses incurred in connection with any such inspection or oversight, at its standard hourly rates in effect from time to time, with payments due within ten (10) days after Tenant's receipt of a reasonably detailed invoice for the same. Notwithstanding the foregoing, in the event that oversight is required after regular business hours on any day Monday through Friday or at any time on a weekend, Tenant shall be required to reimburse Landlord for such oversight at overtime rates.

(b) Tenant shall fully cooperate with Landlord at or near the Leased Site and carefully coordinate the Permitted Use with that performed by Landlord. Tenant shall not commit or permit any act or omission which may interfere or threaten to interfere with the performance of any work by Landlord. Notwithstanding anything to the contrary herein, Tenant acknowledges that any work done by Landlord in the course of its public utility business or for utility services has priority and takes precedence over the Permitted Use; provided that the Parties shall work together to insure that, to the extent practicable, Landlord's work does not materially interfere with, the Permitted Use.

(c) Landlord shall be responsible for the maintenance, repair, replacement, upgrading and removal of the Structural Improvements, in accordance with good utility practice (“**Structural Improvement Maintenance**”). Tenant shall be responsible for fifty percent (50%)

of the Structural Improvement Maintenance costs, as billed by Landlord. Such Structural Improvement Maintenance costs will be net of any maintenance cost contributions received by Landlord from third parties for Structural Improvement Maintenance. It is understood that should the Structural Improvements be used by Landlord, Tenant or any party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 50% allocation of Structural Improvement Maintenance costs in a fair and equitable manner. All Structural Improvement Maintenance costs shall be properly documented by Landlord and such documentation made available to Tenant for its review upon Tenant's request. Notwithstanding the foregoing, should Landlord perform any Structural Improvement Maintenance for Tenant's sole benefit, then Tenant shall be responsible for one hundred percent (100%) of those costs. Further, in the event that either Party no longer uses the Structural Improvements in the course of its business, then the Party that has a continued use shall be solely responsible for the performance of the Structural Improvement Maintenance and the cost thereof, subject to the allocation adjustments provided for above. Notwithstanding the foregoing, in the event Landlord elects to remove the Structural Improvements upon their retirement, Tenant shall be responsible for forty percent (40%) of the cost thereof regardless of whether Tenant is using the Structural Improvements at or just prior to the time of retirement ("**Retirement Costs**"). It is understood that should the Tenant have ceased using the Structural Improvements and removed the Transmission Line in accordance with the Terms hereof, the Parties will work together to reevaluate and recalculate Tenant's 40% allocation of Retirement Costs in a fair and equitable manner, taking into consideration the duration the Transmission Line was attached to the Structural Improvements from the Commencement Date through the date that the Structural Improvements are retired. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

6. Maintenance of Leased Site; Security and Hazardous Substances.

(a) The Parties acknowledge that Tenant and Landlord both have facilities along the property that comprises the Leased Site. Landlord shall (i) maintain the Leased Site and Property in good repair and condition, including with respect to the investigation or remediation of any Hazardous Substances brought to or Released at, on, or under the Leased Site by any third party during the Term and (ii) keep the Leased Site free of obstructions (including, without limitation, vegetation) to the extent such obstructions inhibit access to the Structural Improvements and Transmission Line or inhibit the Permitted Use (the "**Common ROW Maintenance**"). Tenant shall be responsible for fifty percent (50%) of the Common ROW Maintenance costs, as billed by Landlord. Such Common ROW Maintenance costs will be net of any maintenance cost contributions received by Landlord from third parties for Common ROW Maintenance. It is understood that should the Leased Site be used by Landlord, Tenant or an any third party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 50% allocation of Common ROW Maintenance costs in a fair and equitable manner. All Common ROW Maintenance costs shall be properly documented by Landlord and such documentation made available to Tenant for its review upon Tenant's request. Notwithstanding the foregoing, should Landlord perform any Common ROW Maintenance work for Tenant's sole benefit, then Tenant shall be responsible for one hundred percent (100%) of those costs. Further, in the event that either Party no longer uses the Leased Site in the course of its business, then the Party that has a continued use shall be solely responsible for the performance of the Common ROW

Maintenance and the cost thereof, subject to the allocation adjustments provided for above.

(b) Landlord shall have no responsibility for any portion of the Permitted Use. As between Landlord on the one hand and Tenant on the other, Tenant shall be solely responsible for securing and safeguarding (i) any and all of its employees, contractors and subcontractors (and their possessions) while present at or about the Property, (ii) all work performed by any and all of its employees, contractors and subcontractors on or about the Property, and (iii) any and all of its equipment, tools, supplies, materials and other personal property used in connection with such work or brought onto or located at or about the Property by or on behalf of any and all employees, contractors and subcontractors. To the fullest extent permitted by Applicable Law, Landlord shall have no responsibility for any of Tenant's equipment, tools, supplies, materials or other personal property that may be brought onto or located at or about the Property and which is subsequently lost, stolen or damaged except to the extent same is caused or arises from Landlord's gross negligence or willful misconduct. Similarly, to the fullest extent permitted by Applicable Law, and subject to Tenant's obligations pursuant to Section 15(a) hereof, Tenant shall have no responsibility for any of Landlord's equipment, tools, supplies, materials or other personal property that may be brought onto or located at or about the Property and which is subsequently lost, stolen or damaged, except to the extent same is caused by or arises from Tenant's gross negligence or willful misconduct.

(c) Tenant shall indemnify, defend and hold Landlord, its affiliates and its and their respective members, partners, trustees, directors, managers, officers, employees, agents and representatives (the "**Protected Parties**") harmless from and against any and all liabilities, damages, losses, costs, expenses (including, without limitation, reasonable attorneys' and experts' fees and disbursements), claims, demands, suits, causes of action, liens, penalties, obligations or judgments of any nature, including, without limitation, for death, personal injury, or property damage (collectively, the "**Losses**"), incurred, imposed, asserted against or sustained by Landlord and/or any Protected Party resulting from, arising out of or in connection with (i) Hazardous Substances, discovered by disturbance of the soil during, or resulting from Tenant's work, use or operations (including, without limitation, such work, use or operations of Tenant's employees, contractors or subcontractors) within the Leased Site or Property, including, without limitation, related Remediation of such materials located within or outside of the Leased Site or the Property or (ii) Releases caused by Tenant (including, without limitation, Tenant's employees, contractors or subcontractors) during the performance of its or their work, use or operations within the Leased Site or Property. For the purpose of clarity, the Parties agree that nothing in this Subparagraph 6(c) shall modify the allocation of liabilities set forth in the Asset Purchase Agreement.

(d) Tenant covenants and agrees not to suffer, permit, introduce or maintain in, on or about any portion of the Leased Site or Property any Hazardous Substances. Hazardous Substances on, in, under or affecting all or any portion of the Leased Site or Property, introduced by, or on behalf of Tenant, are herein collectively called a "**Tenant Condition**". Tenant further covenants and agrees to indemnify, defend and hold Landlord and the Protected Parties harmless from and against any and all Losses which may at any time be imposed upon, incurred by or asserted or awarded against Landlord and/or any Protected Party arising from or out of any Tenant Condition, including, without limitation (i) the costs of removal of any Tenant Condition,

(ii) additional costs reasonably required to take necessary precautions to protect against the Release of Hazardous Substances from a Tenant Condition, including without limitation any such Release on, in, under or affecting the Leased Site or Property or into the air, or any body of water, any other public domain or any other areas surrounding the Leased Site or Property, (iii) any costs incurred to comply, in connection with all or any portion of the Leased Site or Property, with all Applicable Laws with respect to a Tenant Condition and (iv) if the provisions hereof have been violated, the costs reasonably incurred by Landlord in determining that the provisions hereof have been violated. Nothing herein shall prohibit Tenant from using usual and customary quantities of fluids and supplies which may constitute Hazardous Substances but which are customarily used in connection with the Permitted Use provided such use on the Leased Site is in compliance with Applicable Laws, including but not limited to, Environmental Laws.

(e) As used in this Agreement, the following terms shall have the following meaning:

“Hazardous Substances” means (i) any petroleum, petroleum products or by products and all other hydrocarbons (including, without limitation, petro chemicals and crude oil) or any fraction thereof, coal ash, radon gas, radioactive materials, asbestos, asbestos-containing material, urea formaldehyde, polychlorinated biphenyls, chlorofluorocarbons and other ozone-depleting substances, and (ii) any pollutant, contaminant, chemical, material, substance, product, waste (including thermal discharges) or electromagnetic emissions that (x) is capable of causing harm to the indoor or outdoor environment, natural resources or human health and safety, (y) is, has been, or hereafter shall be listed, regulated, classified or defined as hazardous, toxic, or dangerous under any Environmental Law (including, without limitation, 40 C.F.R. 302.4 (or its successor)), or (z) is otherwise prohibited, limited or regulated by or pursuant to, or for which liability may arise under, any Environmental Law.

“Environmental Law” means all applicable current and future federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives, orders (including consent orders), Environmental Permits (as defined below) and New York State Department of Environmental Conservation Technical Administrative Guidance Memoranda and other guidance documents issued or published by any Governmental Authority, in each case, relating to pollution, protection of the indoor or outdoor environment, natural resources, human health and safety, the presence, Release of, threatened Release of, or exposure to, Hazardous Substances, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or arrangement for such activities with respect to, Hazardous Substances.

“Environmental Permit” means any permit, license, consent, approval, identification number, manifest and other authorization or certification required by any Governmental Authority with respect to or under Environmental Law.

“Release” means any release, threatened release, spilling, emitting, discharging, leaking, pumping, pouring, emptying, escaping, dumping, injecting, depositing, disposing, dispersing, leaching or migrating of any Hazardous Substance.

“Remediation” means the investigation, cleanup, removal, transportation, disposal, treatment (including *in-situ* treatment), management, stabilization, neutralization, collection, or containment of Hazardous Substances, in each case, including, without limitation, any monitoring, operations and maintenance activities that may be required by any Government Authority after the completion of such investigation, cleanup, removal, transportation, disposal, treatment, management, stabilization, neutralization, collection, or containment activities as well as the performance of any and all obligations imposed by any Governmental Authority in connection with such investigation, cleanup, removal, transportation, disposal, treatment (including *in situ* treatment), management, stabilization, neutralization, collection, or containment (including any such obligation that may be imposed on Landlord under a brownfield cleanup agreement or a consent order).

7. Insurance.

(a) *Required Tenant Coverage.* During the Term, Tenant shall maintain, at its own cost and expense, the following coverage, issued by reputable insurance companies with an A.M. Best Rating of at least B+:

1. Workers’ Compensation Insurance in accordance with all applicable state, federal and maritime law, including Employer’s Liability Insurance in the amount of \$1,000,000 per accident;
2. Commercial General Liability Insurance, including contractual liability coverage for liabilities assumed under this Agreement with limits of not less than \$35,000,000 per occurrence for bodily injury, including death and property damage, and Products/Completed Operations Liability Insurance. The insurance shall contain no exclusions for explosion, collapse of a building or structure, or underground hazards. Tenant’s policy shall include Consolidated Edison, Inc., Orange and Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc. as additional insureds for Tenant’s full policy limits required herein and such insurance shall be primary and non-contributory coverage as to such additional insured, including claims caused by Landlord’s ordinary negligence;
3. Automobile Liability Insurance for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$1,000,000 combined single limit per occurrence. Tenant’s policy shall include Consolidated Edison, Inc., Orange and Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc. as additional insureds. If Tenant does not have vehicles, it may purchase Non-Owned Automobile Liability

Insurance;

4. Professional Liability Insurance in the amount of \$1,000,000 per incident, if applicable, relating to the Permitted Use.
5. Additional insurance coverage may be required relating to the Permitted Use. Landlord shall have the right to require Tenant to provide reasonable increases to the policy limits of insurance policies required herein.

(b) *Required Landlord Coverage.* During the Term, Landlord shall maintain, at its own cost and expense, the following coverage, issued by reputable insurance companies with an A.M. Best Rating of at least B+:

1. Workers' Compensation Insurance in accordance with all applicable state, federal and maritime law, including Employer's Liability Insurance in the amount of \$1,000,000 per accident; and
2. Automobile Liability Insurance for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$1,000,000 combined single limit per occurrence. Landlord's policy shall include New York Transco LLC, Orange and Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc. as additional insureds. If Landlord does not have vehicles, it may purchase Non-Owned Automobile Liability Insurance;
3. Landlord shall have the right to self-insure all of part of the insurances required under this Agreement, to the extent authorized or licensed to do so under the applicable laws of the State of New York. Landlord agrees that all other provisions of this Agreement, including waiver of subrogation and waiver of rights of recourse which provide or are intended to provide protection to Tenant and its affiliated and associated companies under this Agreement, shall remain enforceable if it exercises its right to self-insure all or part of the insurance required under this Agreement. Landlord's election to self-insure shall not impair, limit or in any manner result in a reduction of rights and/or benefits otherwise available to Tenant and its affiliated or associated companies through formal insurance policies and endorsements as specified in this Section 7(b). Landlord shall be solely responsible for all amounts of self-insurance, retentions and/or deductibles.

(c) *Contractors, Etc.* Tenant shall require all contractors, subcontractors, professional service providers, and equipment suppliers or manufacturers (other than Landlord) to procure and maintain insurance in amounts, with carriers and policy amounts approved by it, for the following:

1. Workers' Compensation and Employer's Liability Insurance with limits not less than \$1,000,000 per injury or disease, Automobile Liability Insurance for all owned, non-owned or hired automobiles with limits not less than \$1,000,000 per occurrence and Commercial General Liability Insurance with limits not less than \$5,000,000 per occurrence. Such insurance may be satisfied through primary and excess policies, shall name New York Transco LLC, Consolidated Edison, Inc., Orange and Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc., and their respective affiliates as additional insureds and shall be primary and non-contributory to any insurance carried by the Parties. Additional insurance coverage may be required depending on the work being performed.
2. To the extent permitted by insurer and commercially reasonable, Tenant's contractor, subcontractors, professional service providers, and equipment suppliers or manufacturers shall obtain waivers of subrogation in favor of Landlord from any insurer providing coverage that is required to be maintained under this Section 7.
3. The Parties shall furnish to one another copies of any accident or incident report(s) sent to its insurance carriers covering accidents or incidents occurring in connection with or as a result of the performance of the Permitted Use or use of the Property. In addition, if required, the Parties shall promptly provide copies of all insurance policies relevant to any accident or incident. These requirements are in addition to any requirements contained elsewhere in this Agreement.

(d) *Proof of Coverage.* Within 15 days after the Commencement Date, and each anniversary of the Commencement Date, during the Term, Tenant and Landlord shall provide to each other properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by Tenant and Landlord, respectively, under this Agreement. Certificates of insurance shall provide the following information:

1. Name of insurance company, policy number and expiration date; and
2. The coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of Tenant or Landlord, as the case may be, as the party maintaining such policy.

At the either Party's request, in addition to the foregoing certificates, Tenant and Landlord shall deliver to the requesting Party a copy of applicable sections of each insurance policy.

The Parties will provide at least 30 days' prior written notice of a reduction of liability limits or cancellation or non-renewal of a policy to the other Party.

(e) *Right to Inspect.* The Parties shall have the right to inspect the original policies of insurance applicable to this Agreement at the policy holder's place of business during regular business hours.

(f) *Terms of Coverage.* If any insurance is written on a "claims made" basis, the policy holder shall maintain the coverage for a minimum of three years after the termination or expiration of this Agreement.

(g) *Subrogation Waivers.* To the extent permitted by the insurer and commercially reasonable, Landlord and Tenant shall obtain waivers of subrogation in favor of one another from any insurer providing coverage that is required to be maintained under this Section 7.

8. Landlord's Representations and Warranties. Landlord represents and warrants, as of the Commencement Date, as follows:

(a) Landlord is not a party or subject to any judgment, order or decree entered in any action or proceeding brought by any governmental agency or any other party against it enjoining or preventing the consummation of the transactions provided for herein.

(b) To the best of Landlord's actual knowledge and belief, no representation or warranty of Landlord contained in this Lease, and no statement contained in any certificate or other instrument delivered or to be delivered by Landlord to Tenant pursuant hereto or in connection with the transactions contemplated hereby, omits or will omit to state a material fact necessary to prevent such representation, warranty or statement from being materially misleading.

(c) Subject to the satisfaction of the conditions set forth in Section 24 hereof, Landlord has full power and authority to enter into and perform this Lease in accordance with its terms and execution and delivery of this Lease by Landlord has been fully authorized by all requisite corporate action, all necessary third party consents have been obtained and the execution and delivery of this Lease does not and, the consummation of the transactions contemplated hereby will not, violate any provision of any agreement to which Landlord is a party or by which it is bound.

9. Tenant's Representations and Warranties. Tenant represents and warrants, as of the Commencement Date, as follows:

(a) Tenant is not a party or subject to any judgment, order or decree entered in any

action or proceeding brought by any governmental agency or any other party against it enjoining or preventing the consummation of the transactions provided for herein.

(b) To the best of Tenant's actual knowledge and belief, no representation or warranty of Tenant contained in this Lease, and no statement contained in any certificate or other instrument delivered or to be delivered by Tenant to Landlord pursuant hereto or in connection with the transactions contemplated hereby, omits or will omit to state a material fact necessary to prevent such representation, warranty or statement from being materially misleading.

(c) Subject to the satisfaction of the conditions set forth in Section 24 hereof, Tenant has full power and authority to enter into and perform this Lease in accordance with its terms and execution and delivery of this Lease by Tenant has been fully authorized by all requisite corporate action, and the execution and delivery of this Lease does not and, the consummation of the transactions contemplated hereby will not, violate any provision of any agreement to which Tenant is a party or by which it is bound.

10. Quiet Enjoyment. Landlord covenants that, so long as Tenant is not in default hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Leased Site during the Term and Landlord shall protect and defend the right, title and interest of Tenant hereunder from any other rights, interests, titles and claims arising through Landlord or any other third person or entity.

11. Default. In the event of any breach by Tenant of any of its covenants or obligations hereunder, Landlord shall give Tenant written notice of such breach. After receipt of such written notice, Tenant shall have thirty (30) days in which to cure any breach hereunder, *provided* that Tenant shall have such extended period as may reasonably be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and Tenant commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion.

12. Remedies. Upon the occurrence of a breach by Tenant of one of its material obligations under this Agreement and its failure to cure such breach within the time period specified in Section 11 (*Default*) above (an "***Event of Default***"), Landlord may, at its option (but without obligation to do so):

(a) perform Tenant's duty or obligation on Tenant's behalf; the costs and expenses of which performance shall be due and payable by Tenant upon invoice therefor; or

(b) upon thirty (30) days prior written notice to the Tenant of its intention to terminate, terminate this Agreement and this Agreement shall cease and terminate on the date specified in such notice.

Upon the occurrence of any Event of Default or termination of this Agreement as a result of an Event of Default, the Landlord may pursue any and all remedies available to it at law or in equity.

(c) Landlord shall be in default of this Lease if it fails to perform any provision of

this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given by Tenant to Landlord. If the default cannot be reasonably cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty (30) day period and diligently and in good faith continues to cure the default until completion. If Landlord shall have failed to cure a default of Landlord after expiration of the applicable time for cure of a particular default, Tenant may, at its election, but without obligation therefor (i) seek specific performance of any obligation of Landlord, after which Tenant shall retain, and may exercise and enforce, any and all rights which Tenant may have against Landlord as a result of such default, and/or (ii) exercise any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

13. Casualty. In the event of damage by fire, earthquake, flood or other casualty to the Structural Improvements, Property or Leased Site, Landlord shall promptly repair any damage to the Structural Improvements, Property or the Leased Site (excluding, however, Tenant's equipment and improvements, appurtenances, or other personal property, including the Transmission Line) required for the Permitted Use resulting from such casualty. Tenant shall reimburse Landlord for fifty percent (50%) of the actual cost of any and all such repairs to the Structural Improvements, Property or Leased Site. Such costs will be net of any casualty repair cost contributions received by Landlord from third parties. It is understood that should the Leased Site, Structural Improvements or Property be used by Landlord, Tenant or an additional third party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 50% allocation of repair costs covered by this Section 13 in a fair and equitable manner. All costs incurred under this Section 13 by Landlord shall be properly documented by Landlord and such documentation made available to Tenant for its review upon Tenant's request. In the event of damage by fire, earthquake, flood or other casualty to the Structural Improvements, Property or the Leased Site that may reasonably be expected to disrupt Tenant's operations at the Leased Site for more than one hundred eighty (180) days, or if the Structural Improvements, Property or Leased Site shall be so damaged that Landlord shall decide, in its sole discretion, not to repair the damage, then, in any of such events, either Tenant and Landlord may, upon prior written notice to the other of its intention to terminate, terminate this Agreement and this Agreement shall cease and terminate on the date specified in such notice. Notwithstanding the foregoing, in the event Landlord elects to not repair the damage, prior to exercising its right to terminate the Lease, Landlord shall give Tenant notice thereof and Tenant shall have the right, exercisable in its sole discretion, to repair the damage at its sole cost and expense, in which case Landlord shall not terminate the Lease.

14. Condemnation.

(a) If the whole or any part of the Property or the Leased Site shall be acquired or condemned for any public or quasi-public use or purpose, then Landlord may, upon prior written notice to Tenant of its intention to terminate, terminate this Agreement and this Agreement shall cease and terminate on the date specified in such notice. Notwithstanding anything to the contrary set forth herein, during the Term: (i) Tenant shall not, and shall not request or cause any third party to, initiate and prosecute condemnation or eminent domain proceedings with respect to the Leased Site or take any other action that results in Tenant or an affiliate acquiring title to, or other real estate interest in, all or a portion of the Leased Site that has the effect of depriving Landlord of use and occupancy thereof for its current or intended use; and (ii) Landlord shall not,

and shall not request or cause any third party to, initiate and prosecute condemnation or eminent domain proceedings with respect to the Leased Site, or any portion thereof or take any other action that results in Landlord or an affiliate acquiring title to, or other real estate interest in, all or a portion of the Leased Site that has the effect of depriving Tenant of use and occupancy thereof for the Permitted Use.

(b) All condemnation awards payable in connection with the taking of all or any portion of the Property shall belong to Landlord, *provided, however*, that Tenant shall be entitled to a pro rata share thereof if the condemnation award includes compensation for the Transmission Line and, *provided further*, that Tenant may on its own behalf make a claim in any condemnation proceeding involving the Leased Site or portions of the Property required for the Permitted Use, for losses related to the Transmission Line and any other of Tenant's equipment or personal property taken or damaged, its relocation costs and any other compensable damages and losses.

(c) If Landlord does not terminate the Lease as a result of condemnation, this Lease shall remain in full force and effect solely as to the portion of the Leased Site remaining.

15. Indemnity.

(a) *Tenant's Indemnity.* Without limiting Tenant's indemnification obligations under Section 6 hereof, to the fullest extent permitted by law, Tenant shall indemnify and hold harmless Landlord, its affiliates and its and their respective members, partners, trustees, directors, managers, officers, employees, agents and representatives (the "***Landlord Protected Parties***") from and against any and all Losses incurred, imposed, asserted against or sustained by Landlord or any Landlord Protected Party to the extent arising from or related to (i) any act or omission of Tenant related to the Permitted Use or this Agreement, (ii) occupancy of the Leased Site or Property by the Tenant, its contractors, licensees, agents, servants, invitees or employees, (iii) the performance of the Permitted Use by Tenant, and (iv) any failure of Tenant to comply with the terms hereof; except, in any case, to the extent such Losses arise from or relate to the gross negligence, fraud or willful misconduct of Landlord or any Landlord Protected Party as finally determined by a court of competent jurisdiction.

(b) *Landlord's Indemnity.* To the fullest extent permitted by law, Landlord shall indemnify and hold harmless Tenant, its affiliates and its and their respective members, partners, trustees, directors, managers, officers, employees, agents and representatives (the "***Tenant Protected Parties***") from and against any and Losses incurred, imposed, asserted against or sustained by Tenant or any Tenant Protected Party to the extent arising from or related to the gross negligence, fraud or willful misconduct of Landlord or any Landlord Protected Party as finally determined by a court of competent jurisdiction.

16. Lien of Mortgage; Non-Disturbance Agreement. Tenant accepts this Lease subject and subordinate to any ground lease, mortgage, deed of trust or other lien presently existing or hereafter arising upon the Property, or upon the Leased Site and to any renewals, modifications, re-financings and extensions thereof. The provisions of the foregoing sentence shall be self-operative and no further instrument of subordination shall be required. Tenant agrees within

ten (10) days after written demand from Landlord, and at Landlord's sole cost, to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. The lien of any such ground lease, mortgage, deed of trust or other lien will not cover the Transmission Line, or Tenant's moveable trade fixtures, equipment or other personal property of Tenant located or installed in or on the Leased Site. Notwithstanding the foregoing, Tenant shall not be required to subordinate its interest in this Lease to any deed of trust, mortgage deed, mortgage, deed to secure debt or to any other lien, encumbrances, condition, restriction, covenant or agreement affecting the Leased Site or Property unless the beneficiary, trustee or mortgagee thereunder executes, causes to be acknowledged and delivers to Tenant a Non-Disturbance and Attornment Agreement reasonably satisfactory and acceptable to Tenant and Landlord's lender.

17. Recording. Landlord and Tenant agree to execute and acknowledge a Memorandum of this Lease, in form and substance reasonably satisfactory to the Parties and Tenant's title company, which Tenant may record with the appropriate recording officer. The date set forth in the Memorandum of Lease is for recording purposes only.

18. CONSEQUENTIAL AND INDIRECT DAMAGES. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND EXCEPT TO THE EXTENT OF TENANT'S OBLIGATIONS UNDER SECTIONS 6 AND 15 TO INDEMNIFY LANDLORD FROM AND AGAINST ANY AND ALL DAMAGES ACTUALLY PAID TO AN UNAFFILIATED THIRD PARTY IN RESPECT OF A CLAIM SUBJECT TO INDEMNIFICATION UNDER SECTIONS 6 AND 15, NEITHER LANDLORD NOR ITS AFFILIATES, NOR ITS OR THEIR RESPECTIVE DIRECTORS, TRUSTEES, MEMBERS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE LIABLE UNDER OR IN CONNECTION WITH THIS AGREEMENT FOR ANY PUNITIVE, SPECIAL, LOST PROFIT, EXEMPLARY, MULTIPLE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES INCLUDING IN CONNECTION WITH OR ARISING FROM ANY PERFORMANCE OR LACK OF PERFORMANCE UNDER THIS AGREEMENT, REGARDLESS OF WHETHER (X) ANY SUCH DAMAGES CLAIM IS BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, VIOLATION OF ANY APPLICABLE DECEPTIVE TRADE PRACTICES ACT OR ANY OTHER LEGAL OR EQUITABLE THEORY OR PRINCIPLE, OR (Y) SUCH DAMAGES WERE REASONABLY FORESEEABLE OR (Z) THE PARTIES WERE ADVISED OR AWARE THAT SUCH DAMAGES MIGHT BE INCURRED.

19. Governing Law. This Lease and the performance hereof shall be governed, interpreted, construed and regulated by the laws of the State of New York, without giving effect to the conflicts of laws principles thereof.

20. Brokerage Commissions. Landlord and Tenant have dealt directly as principals and neither Party has knowledge of any brokerage commission claimed or payable as a result of the execution of this Lease. Each Party hereby agrees to indemnify, defend and hold harmless the other Party from and against any and all claims for brokerage commissions asserted by any third party as a result of actions by the indemnifying Party claimed to give rise to brokerage commissions payable as a result of the execution of this Lease, which indemnification shall survive the expiration or earlier termination of this Lease.

21. No Third Party Beneficiary. This Lease and each of the provisions hereof are solely for the benefit of Landlord (and, with respect to Section 15, the Protected Parties) and Tenant and their respective successors and permitted assigns. No provisions of this Lease, or of any of the documents and instruments executed in connection herewith, shall be construed as creating in any person or entity other than Landlord, the Protected Parties and Tenant any rights of any nature whatsoever.

22. Notices. All notices, communications and waivers under this Agreement shall be in writing and shall be (a) delivered in person or (b) mailed, postage prepaid, either by registered or certified mail, return receipt requested or (c) sent by reputable overnight express courier, addressed in each case to the addresses set forth below, or to any other address either of the Parties to this Agreement shall designate in a written notice to the other Party:

If to Landlord:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Deputy General Counsel

If to Tenant:

New York Transco LLC
c/o Central Hudson Gas & Electric Corp.
284 South Avenue
Poughkeepsie, New York 12601
Attn: Vice President, Budgets, Finance and Accounting

With a copy to:

Consolidated Edison, Inc.
4 Irving Place
New York, New York 10003
Attn: General Counsel

With a copy to:

Whiteman Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Attn: Paul Gioia, Esq.

All notices sent pursuant to the terms of this Section 22 shall be deemed received (i) if personally delivered, then on the date of delivery, (ii) if sent by reputable overnight, express courier, then on the next business day immediately following the day sent, or (iii) if sent by registered or certified mail, then on the earlier of the third (3rd) business day following the day sent or when actually received.

23. Assignment; Subletting.

(a) Tenant may not sublet any of its rights, duties or obligations under this Agreement without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Tenant may not assign any of its rights, duties or obligations under this Agreement without the prior written consent of Landlord. In the event that an assignment or subletting hereunder occurs, Tenant shall nevertheless remain liable for the performance of all covenants and conditions of this Lease. In the event of an assignment, such liability shall be joint and several with the assignee.

(b) As long as no default by Tenant has theretofore occurred hereunder, Landlord agrees not to unreasonably withhold, condition or delay its consent to an assignment. Landlord shall not be deemed unreasonable in withholding its consent to any assignment if:

1. Tenant's proposed assignee is not a reputable entity of good character and/or does not have a net worth computed in accordance with generally accepted accounting principles which evidences, in Landlord's reasonable discretion, the assignee's financial ability to meet the obligations of Tenant hereunder;
2. the purpose for which the proposed assignee intends to use the Leased Site is not the Permitted Use under this Lease; or
3. the proposed occupancy shall impose an extra burden upon the Leased Site or the structural elements of Landlord's facilities on the Property; or
4. Tenant shall be in default in the performance of any of its obligations under this Lease, either at the time Landlord's consent to such assignment is requested or on the effective date of any such assignment; or
5. the proposed assignee shall be entitled, directly or indirectly, to diplomatic or sovereign immunity or shall not be subject to the service of process in, and the jurisdiction of the courts of, New York State; or
6. the proposed assignee shall be then negotiating with Landlord for the rental of any property owned by Landlord; or
7. the assignee, in its agreement of assignment and assumption, does not agree to assume all of the obligations of tenant under this Lease from and after the date of the assignment

(c) The term "*assignment*" shall be deemed to include, but shall not be limited to the following, whether occurring at any one time or over a period of time through a series of transfers: (a) the sale or transfer of all or substantially all of the assets of, or the sale, assignment

or transfer of any issued or outstanding stock, partnership interests, membership interests or other ownership interests which results in a change in the control of any corporation or other business entity which directly or indirectly is Tenant under this Lease, or is a general partner of any partnership or joint venturer of any joint venture or member of any limited liability company which directly or indirectly is Tenant under this Lease; (b) the issuance of any additional stock, partnership interests, membership interests or other ownership interests, if the issuance of such additional stock, partnership interests, membership interests or other ownership interests will result in a change of the controlling ownership of such entity as held by the shareholders, partners, members or other owners thereof when such corporation, partnership, limited liability company or other entity became Tenant under this Lease; and (c) the sale, assignment or transfer of a general partner's, joint venturer's, member's or other owner's respective interests in the partnership, joint venture or limited liability company, respectively, as the case may be, which is Tenant under this Lease, or in the distributions of profits and losses of such partnership, joint venture, limited liability company or other entity, which results in a change of control of such partnership, joint venture, limited liability company or other entity, respectively, as the case may be.

(d) Notwithstanding the foregoing, Tenant shall have the right to enter into financing with respect to the Transmission Line and, in connection therewith, collaterally assign its interest in the Transmission Line in order to grant a lender a first priority security interest in all of its right, title and interest in and to the Transmission Line.

24. Asset Purchase Closing and Required Regulatory Approvals.

(a) The rights and obligations of each Party under this Agreement are expressly contingent upon (i) the closing of the transfer of the Transmission Line under the Asset Purchase Agreement, (ii) each Party receiving all the licenses, permits, permissions, certificates, approvals, authorizations, consents, franchises and releases from any local, state, or federal regulatory agency or other governmental agency or authority (which may include as applicable, Federal Energy Regulatory Commission, the New York Independent System Operator, Inc. and the New York State Public Service Commission) or any other third party that may be required for such Party in connection with the performance of such Party's obligations under or in connection with this Agreement (the "**Required Approvals**"), and (iii) each Required Approval being granted without the imposition of any modification of or condition upon the terms of this Agreement or the subject transactions or their consummation by the Parties, unless such modification(s) or condition(s) are agreed to by both Parties in their respective sole discretion, and (iv) all applicable appeal periods with respect to the Required Approvals having expired without any appeal having been made or, if such an appeal is made, a full, final and non-appealable determination having been made regarding same by a court or other administrative body of competent jurisdiction, which determination disposes of or otherwise resolves such appeal (or appeals) to the satisfaction of both Parties in their respective sole discretion. If any of the conditions set forth in this Section 24 are not satisfied (or waived by the Party in question) (and in the case of clause (i), on or before the outside date required by the Asset Purchase Agreement), then upon such occurrence this Agreement shall be deemed cancelled and of no force and effect and neither party shall owe any obligation or have any liability to or have any right against the other hereunder.

(b) On the Commencement Date, Landlord shall attached the final survey as Exhibit D and, if necessary, update in writing Exhibits A and B.

25. Taxes, Assessments and Other Charges. Tenant agrees to pay (i) fifty percent (50%) of any and all taxes, assessments and other impositions assessed or imposed on the Property, Leased Site and Structural Improvements themselves, and (ii) one hundred percent (100%) of any and all taxes, assessments and other impositions assessed or imposed on the Transmission Line and, to the extent arising out of, or attributable to, Tenant's use of same, the Leased Site and Property. It is understood that should the Leased Site, Property or Structural Improvements be used by Landlord, Tenant or any third party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 50% allocation of taxes, assessments and other impositions in a fair and equitable manner. Tenant shall have the right to employ and to exhaust all available remedies to contest the amount of, and the liability for, such taxes, assessments and other impositions, provided, however, that if a lien shall at any time be filed against Landlord's interest in the Property, including without limitation, any of the Leased Site because of such taxes, assessments or impositions, Tenant shall cause the same to be discharged of record by either payment, deposit or bond within thirty (30) days after receiving notice of such lien. In addition, if Tenant shall fail to timely pay any such taxes, assessments and other impositions, Landlord may (but shall not be obligated to) make such payment on behalf of Tenant and such payment may be made prior to any notice or the expiration of any cure period in the event necessary to avoid any penalty, interest, late charge, lien or foreclosure. Tenant shall promptly reimburse Landlord for any such payment made, as well as any costs and expenses incurred by Landlord in connection therewith, together with interest through the date of reimbursement at the prime rate as listed in the Wall Street Journal. Notwithstanding the foregoing, in the event that Tenant no longer uses the Leased Site and the Property in the course of its business, and has removed the Transmission Line in accordance with the terms hereof, then Tenant shall not be responsible for the payment of any taxes, assessments and other impositions assessed or imposed on the Property, Leased Site and Structural Improvements themselves.

26. Miscellaneous.

(a) This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted.

(b) All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

(c) The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors, and except as otherwise provided in this Lease, their permitted assigns.

(d) If any covenant, condition or provision of this Lease, or the application thereof to any person or entity or circumstance, shall be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the application of such covenant, condition or provision to any other person or entity any other circumstance (other than those as to which it

shall be invalid or unenforceable) shall not be thereby affected, and each covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by the Applicable Laws.

(e) Except as otherwise provided herein, this Lease may be modified or amended only with the prior written approval of both parties, and it may not be discharged or terminated except in writing in accordance with the terms herein provided


(f) This Lease, including all Exhibits, Schedules and other attachments referred to herein, contains the entire agreement of Landlord and Tenant with respect to the matters stated herein, and supersedes all prior agreements and understandings pertaining thereto; Exhibits and such other attachments are incorporated herein as fully as if their contents were set out in full at each point of reference to them. No covenant, representation, or condition not expressed in this Lease shall affect, or be deemed to interpret, change or restrict the express provisions hereof. This Lease shall not be amended or modified except in writing signed by both parties. Failure to exercise any right in one or more instances shall not be construed as a waiver of the right to strict performance or as an amendment to this Lease.

(g) The captions in the Lease are included for convenience only and all not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

(h) The Lease may be executed in one or more counterparts, and by the different parties to each such agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to the Lease by facsimile or by electronic .pdf shall be as effective as delivery of a manually executed counterpart of the agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease Agreement as of the day and year first above written.

NEW YORK TRANSCO LLC

By: 
Name: Robert Caso
Title: Vice President - Budget, Finance & Accounting

**CONSOLIDATED EDISON COMPANY OF NEW YORK,
INC.**

By: _____
Name: Milovan Blair
Title: Senior Vice President

IN WITNESS WHEREOF, the Parties hereto have executed this Lease Agreement as of the day and year first above written.

NEW YORK TRANSCO LLC

By: _____
Name: Robert Caso
Title: Vice President - Budget, Finance & Accounting

**CONSOLIDATED EDISON COMPANY OF NEW YORK,
INC.**

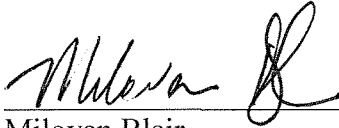
By:  _____
Name: Milovan Blair
Title: Senior Vice President

EXHIBIT A

FEE PROPERTIES

<u>Book/Page</u>	<u>Type</u>	<u>Grantor</u>	<u>Cnty/Twn</u>	<u>Con Ed's Existing Rights</u>
1941/73	D	Coupart	Orange/Blooming Grove	Fee
1956/332	D	Hunter	Orange/Blooming Grove	Fee
1945/231	D	Mayer	Orange/Blooming Grove	Fee
1942/159	D	Nigl	Orange/Blooming Grove	Fee
1949/822	D	Tyrrell	Orange/Blooming Grove	Fee
1972/156	D	Sears	Orange/Blooming Grove	Fee
1976/728	D	Freeman	Orange/Blooming Grove	Fee
1983/402	D	Jacobson et al	Orange/Blooming Grove	Fee
2140/985	D	Brundage	Orange/Blooming Grove	Fee
1941/1031	D	Hempel	Orange/Blooming Grove	Fee
1940/236	D	Jacobs	Orange/Blooming Grove	Fee
1952/589	D	Simon	Orange/Blooming Grove	Fee
1969/985	D	Streicher	Orange/Blooming Grove	Fee
1957/90	D	Thompson	Orange/Blooming Grove	Fee
2031/12	Order	Zengle	Orange/Blooming Grove	Fee
1945/35	D	Mackanesi	Orange/Chester	Fee
1988/459	D	Linick	Orange/Chester	Fee
1846/950	D	Neeb	Orange/Chester	Fee
1944/1030	D	Mitchell	Orange/Chester	Fee
2004/730	D	Levy	Orange/Chester	Fee
2077/187	D	Garofano	Orange/Chester	Fee
1963/746	D	Goose Pond Dev Corp	Orange/ Chester	Fee
1947/39	D	Cates	Orange/Hamptonburgh	Fee
1950/151	D	Goltz	Orange/Hamptonburgh	Fee
2031/17	Order	Cook	Orange/Hamptonburgh	Fee
1979/859	D	Salonski	Orange/Hamptonburgh	Fee
2096/342	D	Pascatella	Orange/Hamptonburgh	Fee
1948/1	D	Kramer	Orange/New Windsor	Fee
1852/133	D	Fredell	Orange/New Windsor	Fee
1981/165	D	Hamilton	Orange/Hamptonburgh & New Windsor	Fee
1944/521	D	Congelosi	New Windsor	Fee

EXHIBIT B

EASEMENT PROPERTIES

<u>Instrument</u>				
<u>No.</u>	<u>Type</u>	<u>Grantor</u>	<u>Cnty/Twn</u>	<u>Rights</u>
1864/1048	E	Ward et al	Orange/Blooming Grove	200' ROW
1945/798	E	De Groat	Orange/Blooming Grove	ROW
1861/632	E	Seidenfeld	Orange/Blooming Grove	ROW
1941/696	E	Van Vliet	Orange/Blooming Grove	100' ROW
1855/1051	E	Van Duynhoven	Orange/Blooming Grove	175' ROW
1861/154	E	Lukacs	Orange/Blooming Grove	200' ROW
1865/1038	E	Hamilton	Orange/Blooming Grove	200' ROW
1855/202	E	Parks	Orange/Blooming Grove	200' ROW
1856/653	E	Seidenfeld	Orange/Blooming Grove	200' ROW
1945/815	E	Van Vliet	Orange/Blooming Grove	ROW
1869/233	E	Shute	Orange/Blooming Grove	200' ROW
1855/198	E	Pfeiffer	Orange/Chester	175' ROW
1941/1022	E	Bregman	Orange/Chester	ROW
		Palisades		
		Interstate Park		
1970/1151	E	Comm	Orange/ Chester	ROW
1941/553	E	Lorenz	Orange/Hamptonburgh	ROW
1855/195	E	Younger	Orange/Hamptonburgh	200' ROW
1857/730	E	Logue	Orange/Hamptonburgh	200' ROW
1855/1035	E	Reilly	Orange/Hamptonburgh	200' ROW
1858/390	E	Bogenn	Orange/Hamptonburgh	200' ROW
1853/814	E	Collins	Orange/Hamptonburgh	200' ROW
1972/859	E	Martin	Orange/Hamptonburgh	ROW
1856/118	E	Hutter	Orange/Hamptonburgh	ROW
1941/693	E	Tolosky	Orange/Hamptonburgh	ROW
1961/296	E	Cosnow	Orange/Hamptonburgh	ROW
1861/519	E	Elson	Orange/New Windsor	200' ROW

EXHIBIT C

SURVEY IMPROVEMENTS

SUGARLOAF SUBSTATION TO ROCK TAVERN SUBSTATION TOWER SCHEDULE

TOWER #	TOWER CLASS	TOWER #	TOWER CLASS	TOWER #	TOWER CLASS
S-95	4	S-131	5	S-167	2
S-96	3	S-132	7	S-168	4
S-97	4	S-133	2	S-169	2
S-98	2	S-134	5	S-170	2
S-99	2	S-135	1	S-171	2
S-100	1	S-136	6	S-172	2
S-101	1	S-137	1	S-173	1
S-102	1	S-138	6	S-174	1
S-103	1	S-139	9	S-175	1
S-104	2	S-140	2	S-176	9
S-105	2	S-141	9	S-177	8
S-106	2	S-142	2	S-178	11
S-107	5	S-143	1		
S-108	7	S-144	1		
S-109	7	S-145	3		
S-110	2	S-146	7		
S-111	1	S-147	1		
S-112	1	S-148	1		
S-113	1	S-149	1		
S-114	1	S-150	1		
S-115	1	S-151	1		
S-116	2	S-152	1		
S-117	2	S-153	2		
S-118	2	S-154	2		
S-119	4	S-155	1		
S-120	2	S-156	3		
S-121	1	S-157	3		
S-122	1	S-158	6		
S-123	1	S-159	3		
S-124	7	S-160	2		
S-125	1	S-161	2		
S-126	1	S-162	2		
S-127	1	S-163	1		
S-128	1	S-164	1		
S-129	1	S-165	1		
S-130	1	S-166	2		

EXHIBIT D
SURVEY / LEASED SITE

[TO BE ATTACHED UPON COMPLETION]

EXHIBIT B

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “*Agreement*” or “*Lease*”) is made and entered into as of April _____, 2016 by and between **NEW YORK STATE ELECTRIC & GAS CORPORATION**, a New York corporation with offices located at 89 East Avenue, Rochester, New York 14649 (“**Landlord**”) and **NEW YORK TRANSCO LLC**, a New York limited liability company, with offices located at c/o Consolidated Edison Transmission, LLC, 4 Irving Place, New York, New York 10003 (“**Tenant**”). Landlord and Tenant are at times collectively referred to hereinafter as the “**Parties**” or individually as a “**Party**.” The effectiveness of this Lease is subject to the satisfaction of certain conditions as described in Section 24 hereof; if such conditions are not satisfied (or waived) as provided therein, then this Agreement shall automatically terminate, never having been of any force or effect.

RECITALS

WHEREAS, Landlord owns those certain parcels of real property set forth on Exhibit A annexed hereto and made a part hereof (the “**Fee Properties**”); and

WHEREAS, Landlord is the grantee under those certain utility easement agreements set forth on Exhibit B annexed hereto and made a part hereof, affecting those certain parcels of property more particularly described therein (the “**Easement Properties**” and, collectively with the Fee Properties, the “**Property**”); and

WHEREAS, Landlord owns structures on the Property including, without limitation, towers, poles, pylons and cross arms as further described in Exhibit C annexed hereto and made a part hereof (the “**Structural Improvements**”); and

WHEREAS, Tenant has requested to lease a portion of the Property from Landlord for the purpose of (i) constructing, reconstructing, altering, upgrading, owning, operating, maintaining, repairing, improving, enhancing, inspecting, removing and replacing that certain 240 MVAR series capacitor bank station and personal property and facilities to be installed in connection with the reconductoring of a portion of Landlord’s 345 kV overhead transmission line on the Property commonly known as the “Fraser to Coopers Corner Project”, and consisting of the three series capacitor banks to be constructed on land owned by the Landlord in the Town of Delhi, County of Delaware, and State of New York (the “**Capacitor Bank**”), and structures, wiring, facilities, and equipment to be installed on approximately 22 miles of Landlord’s FCC-33 transmission running between the Fraser and Hazel Substations (the “**Reconductoring Facilities**”), which is being transferred, conveyed and sold by Landlord to Tenant pursuant to that certain Asset Purchase Agreement by and between Landlord and Tenant dated as of January 7, 2016 (as amended and in effect from time to time in accordance with its terms, the “**Asset Purchase Agreement**”) and (ii) attaching the Reconductoring Facilities to the Structural Improvements (the “**Capacitor Bank**” and the “**Reconductoring Facilities**” may be referred to collectively hereafter as the “**Project Facilities**”); and

WHEREAS, Landlord has agreed, subject to the receipt of certain Required Approvals (as defined in Section 24) and the closing of the transactions contemplated by the Asset Purchase Agreement, among other things, to lease the Property, on a non-exclusive basis, to Tenant for the aforementioned purpose, upon the terms and subject to the other conditions hereof.

NOW, THEREFORE, in consideration of the foregoing recitals, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Leased Property. Landlord leases to Tenant and Tenant leases from Landlord (a) such portion of the Fee Properties as shown or described in Exhibit A, (b) the Easement Properties, and (c) the use and occupancy of specified portions of the Structural Improvements (the “**Leased Property**”). Landlord is leasing the Leased Property to Tenant, and Tenant is leasing the Leased Property from Landlord, for the construction, reconstruction, alteration, upgrade, operation, maintenance, repair, improvement, enhancement, inspection, removal and replacement of the Project Facilities, together with non-exclusive easements for pedestrian and vehicular ingress and egress across the Property to and from the Leased Property to the extent required for the exercise of Tenant’s rights under this Lease.

2. Term; Rent. This Lease shall commence simultaneously with Tenant’s purchase of the Project Facilities and the closing under the Asset Purchase Agreement (the “**Commencement Date**”) and end on the 99th anniversary of the Commencement Date, unless sooner terminated in accordance with Applicable Law (as hereinafter defined) or the terms of this Lease (the “**Term**”). On the Commencement Date, Tenant shall pay Landlord up-front rent for the Term of the Lease in the amount of Two Million One Hundred Eighty-Four Thousand Nine Hundred Seventy-Nine and 00/100 Dollars (\$2,184,979) (the “**Rent**”).

3. Use.

(a) Tenant shall use the Leased Property for the sole purpose of the constructing, reconstructing, altering, upgrading, owning, operating, maintaining, repairing, improving, enhancing, inspecting, commissioning, removing and replacing the Project Facilities and uses incidental thereto (the “**Permitted Use**”) and for no other business or purpose without the prior written consent of Landlord, which consent may be withheld in Landlord’s sole and absolute discretion. Tenant shall ensure that the Permitted Use does not interfere with any present or future use by Landlord or any other operations of Landlord or its affiliate companies; provided that, with respect to any future uses, Landlord shall provide written notice of any proposed future use of the Leased Property to Tenant and the Parties shall work together to insure that the future use is not inconsistent with, and does not materially interfere with, the Permitted Use granted hereunder. The question of whether there is any such interference shall be determined in the reasonable discretion of Landlord consistent with the terms of this Agreement. Furthermore, Tenant acknowledges that during the Term, certain outages may be required in connection with Landlord’s constructing, reconstructing, altering, upgrading, owning, operating, maintaining, repairing, improving, enhancing, inspecting, commissioning, removing and/or replacing Landlord’s transmission line (“**Landlord’s TL Work**”), the Common ROW Maintenance (as hereinafter defined) and the Structural Improvement Maintenance (as hereinafter defined). Accordingly, Tenant shall be prohibited from conducting any work that interferes with

Landlord's TL Work, the Common ROW Maintenance or the Structural Improvement Maintenance on the Leased Property or Property during the period of any such outages. Except in the case of emergencies, Landlord will provide Tenant with reasonable advance notice of any such outages. Notwithstanding the foregoing, it is the intention of the Parties that the Permitted Use be allowed to continue during the outages provided the Permitted Use does not interfere with the outages, Landlord's TL Work, the Common ROW Maintenance (as hereinafter defined) or the Structural Improvement Maintenance.

(b) At all times during the Term, Tenant shall have the non-exclusive right to occupy the Leased Property. Landlord reserves the right to use the Leased Property and Property for any purpose, or to grant easements or leases in favor of third persons for any other lawful purpose permitted under Applicable Laws, so long as any such uses, easements or leases do not materially interfere with any of Tenant's rights under this Lease. Without limiting the foregoing, Landlord shall not use or grant the use of the Leased Property for the construction or location of any building, permanent improvement or other obstruction that materially interferes with Tenant's rights under this Lease. During the Term, any proposed easement or lease for all or any portion of the Leased Property for electric use shall be subject to Tenant's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

4. Compliance with Applicable Laws, Regulations and Procedures; NERC and NPCC Reliability Standards Compliance.

(a) Landlord and Tenant shall each comply with and shall cause all their respective employees, contractors and subcontractors to comply with all existing utility easement agreements related to the Leased Property and Property, any maintenance agreements that may be in effect from time to time relating to performance of the Structural Improvement Maintenance or Common ROW Maintenance, all applicable foreign, federal, state, county, local or municipal laws, rules, regulations, ordinances, directives, orders and judgments, enacted, adopted, issued or promulgated by any Governmental Authority, including but not limited to any Environmental Law (as hereinafter defined), now in effect or which may hereafter come into effect (individually or collectively, "**Applicable Laws**") as well as, with respect to Tenant, all regulations, procedures and directives of Landlord, including, but not limited to scheduling of work ("**Landlord Requirements**"), while at or about the Property. Furthermore, Tenant shall, at Tenant's sole cost and expense, maintain the Reconductoring Facilities in compliance with all Applicable Laws and Landlord Requirements and comply with all Applicable Laws and Landlord Requirements. As used in this Agreement, the term "**Governmental Authority**" means any federal, state, local, domestic or foreign government or any court, administrative or regulatory agency (including, but not limited to the New York State Public Service Commission and the New York Independent System Operator), board, committee or commission or other governmental entity or instrumentality, domestic, foreign or supranational or any department thereof. Tenant shall be responsible for ensuring compliance and shall be accountable for compliance violations and penalties, if any, related to all NERC Reliability Standards, NPCC Reliability Standards, NPCC Directories and NPCC Criteria Requirements that arise due to the ownership and/or operation of the Project Facilities. Landlord shall be responsible for ensuring compliance and shall be accountable for compliance violations and penalties, if any, related to all NERC Reliability Standards, NPCC Reliability Standards, NPCC Directories and NPCC Criteria Requirements that arise due to the ownership and/or operation of the Structural Improvements

and FCC-33 line. As used in this Agreement, the following terms shall have the following meaning:

“**NERC**” means the North American Electric Reliability Corporation.

“**NPCC**” mean the Northeast Power Coordinating Council.

5. Installation, Ownership and Maintenance of the Reconductoring Facilities.

(a) From and after the closing of the Asset Purchase Agreement, Tenant shall own the Project Facilities. Landlord shall have no ownership or other interest in the Project Facilities or other equipment or personal property of Tenant installed on or located on the Property. During the Term, Tenant will maintain the Project Facilities in good order and repair. Tenant shall immediately repair any damage to the Property and/or the Leased Property caused by Tenant or its contractors during performance of the Permitted Use. Landlord shall have the right to assign one or more inspectors, oversight personnel or other representatives to inspect and/or oversee the performance of the Permitted Use, at the sole expense of Tenant as provided below; provided, however, that Landlord shall have no obligation to conduct any such inspections or oversight. Any instructions from Landlord’s inspectors, oversight personnel or other representatives must be strictly and promptly obeyed by Tenant. Any failure to follow any such instructions shall constitute a default hereunder and, in the event such failure creates a dangerous condition, may result in the immediate suspension of Tenant’s right to perform the Permitted Use pursuant to this Lease. Tenant shall pay Landlord for its expenses incurred in connection with any such inspection or oversight, at its standard hourly rates in effect from time to time, with payments due within ten (10) days after Tenant’s receipt of a reasonably detailed invoice for the same. Notwithstanding the foregoing, in the event that oversight is required after regular business hours on any day Monday through Friday or at any time on a weekend, Tenant shall be required to reimburse Landlord for such oversight at overtime rates.

(b) Tenant shall fully cooperate with Landlord at or near the Leased Property and carefully coordinate the Permitted Use with that performed by Landlord. Tenant shall not commit or permit any act or omission which may interfere or threaten to interfere with the performance of any work by Landlord. Notwithstanding anything to the contrary herein, Tenant acknowledges that any work done by Landlord in the course of its public utility business or for utility services has priority and takes precedence over the Permitted Use; provided that the Parties shall work together to insure that, to the extent practicable, Landlord’s work does not materially interfere with, the Permitted Use.

(c) Landlord shall be responsible for the maintenance, repair, replacement, upgrading and removal of the Structural Improvements, in accordance with good utility practice (“**Structural Improvement Maintenance**”). Tenant shall be responsible for twenty-six percent (26%) of the Structural Improvement Maintenance costs, as billed by Landlord. Such Structural Improvement Maintenance costs will be net of any maintenance cost contributions received by Landlord from third parties for Structural Improvement Maintenance. It is understood that should the Structural Improvements be used by Landlord, Tenant or any party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant’s 26% allocation of Structural Improvement Maintenance costs

in a fair and equitable manner. All Structural Improvement Maintenance costs shall be properly documented by Landlord and such documentation made available to Tenant for its review upon Tenant's request. Notwithstanding the foregoing, should Landlord perform any Structural Improvement Maintenance for Tenant's sole benefit, then Tenant shall be responsible for one hundred percent (100%) of those costs. Further, in the event that either Party no longer uses the Structural Improvements in the course of its business, then the Party that has a continued use shall be solely responsible for the performance of the Structural Improvement Maintenance and the cost thereof, subject to the allocation adjustments provided for above. Notwithstanding the foregoing, in the event Landlord elects to remove the Structural Improvements upon their retirement, Tenant shall be responsible for twenty-six percent (26%) of the cost thereof regardless of whether Tenant is using the Structural Improvements at or just prior to the time of retirement ("**Retirement Costs**"). It is understood that should the Tenant have ceased using the Structural Improvements and removed the Reconductoring Facilities in accordance with the Terms hereof, the Parties will work together to reevaluate and recalculate Tenant's 26% allocation of Retirement Costs in a fair and equitable manner, taking into consideration the duration the Project Facilities were attached to the Structural Improvements from the Commencement Date through the date that the Structural Improvements are retired. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

6. Maintenance of Leased Property; Security and Hazardous Substances.

(a) The Parties acknowledge that Tenant and Landlord both have facilities along the property that comprises the Leased Property. Landlord shall (i) maintain the Leased Property and Property in good repair and condition, including with respect to the investigation or remediation of any Hazardous Substances brought to or Released at, on, or under the Leased Property by any third party during the Term and (ii) keep the Leased Property free of obstructions (including, without limitation, vegetation) to the extent such obstructions inhibit access to the Structural Improvements and Project Facilities or inhibit the Permitted Use (the "**Common ROW Maintenance**"). Tenant shall be responsible for twenty-six percent (26%) of the Common ROW Maintenance costs, as billed by Landlord. Such Common ROW Maintenance costs will be net of any maintenance cost contributions received by Landlord from third parties for Common ROW Maintenance. It is understood that should the Leased Property be used by Landlord, Tenant or an any third party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 26% allocation of Common ROW Maintenance costs in a fair and equitable manner. All Common ROW Maintenance costs shall be properly documented by Landlord and such documentation made available to Tenant for its review upon Tenant's request. Notwithstanding the foregoing, should Landlord perform any Common ROW Maintenance work for Tenant's sole benefit, then Tenant shall be responsible for one hundred percent (100%) of those costs. Further, in the event that either Party no longer uses the Leased Property in the course of its business, then the Party that has a continued use shall be solely responsible for the performance of the Common ROW Maintenance and the cost thereof, subject to the allocation adjustments provided for above.

(b) Landlord shall have no responsibility for any portion of the Permitted Use. As

between Landlord on the one hand and Tenant on the other, Tenant shall be solely responsible for securing and safeguarding (i) any and all of its employees, contractors and subcontractors (and their possessions) while present at or about the Property, (ii) all work performed by any and all of its employees, contractors and subcontractors on or about the Property, and (iii) any and all of its equipment, tools, supplies, materials and other personal property used in connection with such work or brought onto or located at or about the Property by or on behalf of any and all employees, contractors and subcontractors. To the fullest extent permitted by Applicable Law, Landlord shall have no responsibility for any of Tenant's equipment, tools, supplies, materials or other personal property that may be brought onto or located at or about the Property and which is subsequently lost, stolen or damaged except to the extent same is caused or arises from Landlord's gross negligence or willful misconduct. Similarly, to the fullest extent permitted by Applicable Law, and subject to Tenant's obligations pursuant to Section 15(a) hereof, Tenant shall have no responsibility for any of Landlord's equipment, tools, supplies, materials or other personal property that may be brought onto or located at or about the Property and which is subsequently lost, stolen or damaged, except to the extent same is caused by or arises from Tenant's gross negligence or willful misconduct.

(c) Tenant shall indemnify, defend and hold Landlord, its affiliates and its and their respective members, partners, trustees, directors, managers, officers, employees, agents and representatives (the "**Protected Parties**") harmless from and against any and all liabilities, damages, losses, costs, expenses (including, without limitation, reasonable attorneys' and experts' fees and disbursements), claims, demands, suits, causes of action, liens, penalties, obligations or judgments of any nature, including, without limitation, for death, personal injury, or property damage (collectively, the "**Losses**"), incurred, imposed, asserted against or sustained by Landlord and/or any Protected Party resulting from, arising out of or in connection with (i) Hazardous Substances, discovered by disturbance of the soil during, or resulting from Tenant's work, use or operations (including, without limitation, such work, use or operations of Tenant's employees, contractors or subcontractors) within the Leased Property or Property, including, without limitation, related Remediation of such materials located within or outside of the Leased Property or the Property or (ii) Releases caused by Tenant (including, without limitation, Tenant's employees, contractors or subcontractors) during the performance of its or their work, use or operations within the Leased Property or Property. For the purpose of clarity, the Parties agree that nothing in this Subparagraph 6(c) shall modify the allocation of liabilities set forth in the Asset Purchase Agreement.

(d) Tenant covenants and agrees not to suffer, permit, introduce or maintain in, on or about any portion of the Leased Property or Property any Hazardous Substances. Hazardous Substances on, in, under or affecting all or any portion of the Leased Property or Property, introduced by, or on behalf of Tenant, are herein collectively called a "**Tenant Condition**". Tenant further covenants and agrees to indemnify, defend and hold Landlord and the Protected Parties harmless from and against any and all Losses which may at any time be imposed upon, incurred by or asserted or awarded against Landlord and/or any Protected Party arising from or out of any Tenant Condition, including, without limitation (i) the costs of removal of any Tenant Condition, (ii) additional costs reasonably required to take necessary precautions to protect against the Release of Hazardous Substances from a Tenant Condition, including without limitation any such Release on, in, under or affecting the Leased Property or Property or into the

air, or any body of water, any other public domain or any other areas surrounding the Leased Property or Property, (iii) any costs incurred to comply, in connection with all or any portion of the Leased Property or Property, with all Applicable Laws with respect to a Tenant Condition and (iv) if the provisions hereof have been violated, the costs reasonably incurred by Landlord in determining that the provisions hereof have been violated. Nothing herein shall prohibit Tenant from using usual and customary quantities of fluids and supplies which may constitute Hazardous Substances but which are customarily used in connection with the Permitted Use provided such use on the Leased Property is in compliance with Applicable Laws, including but not limited to, Environmental Laws.

(e) As used in this Agreement, the following terms shall have the following meaning:

“Hazardous Substances” means (i) any petroleum, petroleum products or by products and all other hydrocarbons (including, without limitation, petro chemicals and crude oil) or any fraction thereof, coal ash, radon gas, radioactive materials, asbestos, asbestos-containing material, urea formaldehyde, polychlorinated biphenyls, chlorofluorocarbons and other ozone-depleting substances, and (ii) any pollutant, contaminant, chemical, material, substance, product, waste (including thermal discharges) or electromagnetic emissions that (x) is capable of causing harm to the indoor or outdoor environment, natural resources or human health and safety, (y) is, has been, or hereafter shall be listed, regulated, classified or defined as hazardous, toxic, or dangerous under any Environmental Law (including, without limitation, 40 C.F.R. 302.4 (or its successor)), or (z) is otherwise prohibited, limited or regulated by or pursuant to, or for which liability may arise under, any Environmental Law.

“Environmental Law” means all applicable current and future federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives, orders (including consent orders), Environmental Permits (as defined below) and New York State Department of Environmental Conservation Technical Administrative Guidance Memoranda and other guidance documents issued or published by any Governmental Authority, in each case, relating to pollution, protection of the indoor or outdoor environment, natural resources, human health and safety, the presence, Release of, threatened Release of, or exposure to, Hazardous Substances, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or arrangement for such activities with respect to, Hazardous Substances.

“Environmental Permit” means any permit, license, consent, approval, identification number, manifest and other authorization or certification required by any Governmental Authority with respect to or under Environmental Law.

“Release” means any release, threatened release, spilling, emitting, discharging, leaking, pumping, pouring, emptying, escaping, dumping, injecting, depositing, disposing, dispersing, leaching or migrating of any Hazardous Substance.

“Remediation” means the investigation, cleanup, removal, transportation, disposal, treatment (including *in-situ* treatment), management, stabilization, neutralization, collection, or containment of Hazardous Substances, in each case, including, without limitation, any monitoring, operations and maintenance activities that may be required by any Government Authority after the completion of such investigation, cleanup, removal, transportation, disposal, treatment, management, stabilization, neutralization, collection, or containment activities as well as the performance of any and all obligations imposed by any Governmental Authority in connection with such investigation, cleanup, removal, transportation, disposal, treatment (including *in situ* treatment), management, stabilization, neutralization, collection, or containment (including any such obligation that may be imposed on Landlord under a brownfield cleanup agreement or a consent order).

7. Insurance.

(a) *Required Tenant Coverage.* During the Term, Tenant shall maintain, at its own cost and expense, the following coverage, issued by reputable insurance companies with an A.M. Best Rating of at least B+:

1. Workers’ Compensation Insurance in accordance with all applicable state, federal and maritime law, including Employer’s Liability Insurance in the amount of \$1,000,000 per accident;
2. Commercial General Liability Insurance, including contractual liability coverage for liabilities assumed under this Agreement with limits of not less than \$35,000,000 per occurrence for bodily injury, including death and property damage, and Products/Completed Operations Liability Insurance. The insurance shall contain no exclusions for explosion, collapse of a building or structure, or underground hazards. Tenant’s policy shall include AVANGRID Networks, Inc. and New York State Electric & Gas Corporation as additional insureds for Tenant’s full policy limits required herein and such insurance shall be primary and non-contributory coverage as to such additional insured, including claims caused by Landlord’s ordinary negligence;
3. Automobile Liability Insurance for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$1,000,000 combined single limit per occurrence. Tenant’s policy shall include AVANGRID Networks, Inc. and New York State Electric & Gas Corporation as additional insureds. If Tenant does not have vehicles, it may purchase Non-Owned Automobile Liability Insurance;
4. Professional Liability Insurance in the amount of \$1,000,000 per incident, if applicable, relating to the Permitted Use.
5. Additional insurance coverage may be required relating to the Permitted

Use. Landlord shall have the right to require Tenant to provide reasonable increases to the policy limits of insurance policies required herein.

(b) *Required Landlord Coverage.* During the Term, Landlord shall maintain, at its own cost and expense, the following coverage, issued by reputable insurance companies with an A.M. Best Rating of at least B+:

1. Workers' Compensation Insurance in accordance with all applicable state, federal and maritime law, including Employer's Liability Insurance in the amount of \$1,000,000 per accident; and
2. Automobile Liability Insurance for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$1,000,000 combined single limit per occurrence. Landlord's policy shall include New York Transco LLC as additional insured. If Landlord does not have vehicles, it may purchase Non-Owned Automobile Liability Insurance;
3. Landlord shall have the right to self-insure all or part of the insurances required under this Agreement, to the extent authorized or licensed to do so under the applicable laws of the State of New York. Landlord agrees that all other provisions of this Agreement, including waiver of subrogation and waiver of rights of recourse which provide or are intended to provide protection to Tenant and its affiliated and associated companies under this Agreement, shall remain enforceable if it exercises its right to self-insure all or part of the insurance required under this Agreement. Landlord's election to self-insure shall not impair, limit or in any manner result in a reduction of rights and/or benefits otherwise available to Tenant and its affiliated or associated companies through formal insurance policies and endorsements as specified in this Section 7(b). Landlord shall be solely responsible for all amounts of self-insurance, retentions and/or deductibles.

(c) *Contractors, Etc.* Tenant shall require all contractors, subcontractors, professional service providers, and equipment suppliers or manufacturers (other than Landlord) to procure and maintain insurance in amounts, with carriers and policy amounts approved by it, for the following:

1. Workers' Compensation and Employer's Liability Insurance with limits not less than \$1,000,000 per injury or disease, Automobile Liability Insurance for all owned, non-owned or hired automobiles with limits not less than \$1,000,000 per occurrence and Commercial General Liability Insurance with limits not less than \$5,000,000 per occurrence. Such insurance may be satisfied through primary and excess policies, shall name New York Transco LLC, AVANGRID Networks, Inc., and New York State Electric & Gas Corporation and their respective affiliates as

additional insureds and shall be primary and non-contributory to any insurance carried by the Parties. Additional insurance coverage may be required depending on the work being performed.

2. To the extent permitted by insurer and commercially reasonable, Tenant's contractor, subcontractors, professional service providers, and equipment suppliers or manufacturers shall obtain waivers of subrogation in favor of Landlord from any insurer providing coverage that is required to be maintained under this Section 7.
3. The Parties shall furnish to one another copies of any accident or incident report(s) sent to its insurance carriers covering accidents or incidents occurring in connection with or as a result of the performance of the Permitted Use or use of the Property. In addition, if required, the Parties shall promptly provide copies of all insurance policies relevant to any accident or incident. These requirements are in addition to any requirements contained elsewhere in this Agreement.

(d) *Proof of Coverage.* Within 15 days after the Commencement Date, and each anniversary of the Commencement Date, during the Term, Tenant and Landlord shall provide to each other properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by Tenant and Landlord, respectively, under this Agreement. Certificates of insurance shall provide the following information:

1. Name of insurance company, policy number and expiration date; and
2. The coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of Tenant or Landlord, as the case may be, as the party maintaining such policy.

At the either Party's request, in addition to the foregoing certificates, Tenant and Landlord shall deliver to the requesting Party a copy of applicable sections of each insurance policy.

The Parties will provide at least 30 days' prior written notice of a reduction of liability limits or cancellation or non-renewal of a policy to the other Party.

(e) *Right to Inspect.* The parties shall have the right to inspect true and correct copies of the original policies of insurance applicable to this Agreement at the policy holder's place of business during regular business hours.

(f) *Terms of Coverage.* If any insurance is written on a "claims made" basis, the policy holder shall maintain the coverage for a minimum of three years after the termination or expiration of this Agreement.

(g) *Subrogation Waivers.* To the extent permitted by the insurer and commercially reasonable, Landlord and Tenant shall obtain waivers of subrogation in favor of one another from any insurer providing coverage that is required to be maintained under this Section 7.

8. Landlord's Representations and Warranties. Landlord represents and warrants, as of the Commencement Date, as follows:

(a) Landlord is not a party or subject to any judgment, order or decree entered in any action or proceeding brought by any governmental agency or any other party against it enjoining or preventing the consummation of the transactions provided for herein.

(b) To the best of Landlord's actual knowledge and belief, no representation or warranty of Landlord contained in this Lease, and no statement contained in any certificate or other instrument delivered or to be delivered by Landlord to Tenant pursuant hereto or in connection with the transactions contemplated hereby, omits or will omit to state a material fact necessary to prevent such representation, warranty or statement from being materially misleading.

(c) Subject to the satisfaction of the conditions set forth in Section 24 hereof, Landlord has full power and authority to enter into and perform this Lease in accordance with its terms and execution and delivery of this Lease by Landlord has been fully authorized by all requisite corporate action, all necessary third party consents have been obtained and the execution and delivery of this Lease does not and, the consummation of the transactions contemplated hereby will not, violate any provision of any agreement to which Landlord is a party or by which it is bound.

9. Tenant's Representations and Warranties. Tenant represents and warrants, as of the Commencement Date, as follows:

(a) Tenant is not a party or subject to any judgment, order or decree entered in any action or proceeding brought by any governmental agency or any other party against it enjoining or preventing the consummation of the transactions provided for herein.

(b) To the best of Tenant's actual knowledge and belief, no representation or warranty of Tenant contained in this Lease, and no statement contained in any certificate or other instrument delivered or to be delivered by Tenant to Landlord pursuant hereto or in connection with the transactions contemplated hereby, omits or will omit to state a material fact necessary to prevent such representation, warranty or statement from being materially misleading.

(c) Subject to the satisfaction of the conditions set forth in Section 24 hereof, Tenant has full power and authority to enter into and perform this Lease in accordance with its terms and execution and delivery of this Lease by Tenant has been fully authorized by all requisite corporate action, and the execution and delivery of this Lease does not and, the consummation of the transactions contemplated hereby will not, violate any provision of any agreement to which Tenant is a party or by which it is bound.

10. Quiet Enjoyment. Landlord covenants that, so long as Tenant is not in default hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Leased Property during the Term and Landlord shall protect and defend the right, title and interest of Tenant hereunder from any other rights, interests, titles and claims arising through Landlord or any other third person or entity.

11. Default. In the event of any breach by Tenant of any of its covenants or obligations hereunder, Landlord shall give Tenant written notice of such breach. After receipt of such written notice, Tenant shall have thirty (30) days in which to cure any breach hereunder, *provided* that Tenant shall have such extended period as may reasonably be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and Tenant commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion.

12. Remedies. Upon the occurrence of a breach by Tenant of one of its material obligations under this Agreement and its failure to cure such breach within the time period specified in Section 11 (*Default*) above (an “**Event of Default**”), Landlord may, at its option (but without obligation to do so):

(a) perform Tenant’s duty or obligation on Tenant’s behalf; the costs and expenses of which performance shall be due and payable by Tenant upon invoice therefor; or

(b) upon thirty (30) days prior written notice to the Tenant of its intention to terminate, terminate this Agreement and this Agreement shall cease and terminate on the date specified in such notice.

Upon the occurrence of any Event of Default or termination of this Agreement as a result of an Event of Default, the Landlord may pursue any and all remedies available to it at law or in equity.

(c) Landlord shall be in default of this Lease if it fails to perform any provision of this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given by Tenant to Landlord. If the default cannot be reasonably cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty (30) day period and diligently and in good faith continues to cure the default until completion. If Landlord shall have failed to cure a default of Landlord after expiration of the applicable time for cure of a particular default, Tenant may, at its election, but without obligation therefor (i) seek specific performance of any obligation of Landlord, after which Tenant shall retain, and may exercise and enforce, any and

all rights which Tenant may have against Landlord as a result of such default, and/or (ii) exercise any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

13. Casualty. In the event of damage by fire, earthquake, flood or other casualty to the Structural Improvements, Property or Leased Property, Landlord shall promptly repair any damage to the Structural Improvements, Property or the Leased Property (excluding, however, Tenant's equipment and improvements, appurtenances, or other personal property, including the Reconductoring Facilities) required for the Permitted Use resulting from such casualty. Tenant shall reimburse Landlord for twenty-six percent (26%) of the actual cost of any and all such repairs to the Structural Improvements, Property or Leased Property. Such costs will be net of any casualty repair cost contributions received by Landlord from third parties. It is understood that should the Leased Property, Structural Improvements or Property be used by Landlord, Tenant or an additional third party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 26% allocation of repair costs covered by this Section 13 in a fair and equitable manner. All costs incurred under this Section 13 by Landlord shall be properly documented by Landlord and such documentation made available to Tenant for its review upon Tenant's request. In the event of damage by fire, earthquake, flood or other casualty to the Structural Improvements, Property or the Leased Property that may reasonably be expected to disrupt Tenant's operations at the Leased Property for more than one hundred eighty (180) days, or if the Structural Improvements, Property or Leased Property shall be so damaged that Landlord shall decide, in its sole discretion, not to repair the damage, then, in any of such events, either Tenant and Landlord may, upon prior written notice to the other of its intention to terminate, terminate this Agreement and this Agreement shall cease and terminate on the date specified in such notice. Notwithstanding the foregoing, in the event Landlord elects to not repair the damage, prior to exercising its right to terminate the Lease, Landlord shall give Tenant notice thereof and Tenant shall have the right, exercisable in its sole discretion, to repair the damage at its sole cost and expense, in which case Landlord shall not terminate the Lease.

14. Condemnation.

(a) If the whole or any part of the Property or the Leased Property shall be acquired or condemned for any public or quasi-public use or purpose, then Landlord may, upon prior written notice to Tenant of its intention to terminate, terminate this Agreement and this Agreement shall cease and terminate on the date specified in such notice. Notwithstanding anything to the contrary set forth herein, during the Term: (i) Tenant shall not, and shall not request or cause any third party to, initiate and prosecute condemnation or eminent domain proceedings with respect to the Leased Property or take any other action that results in Tenant or an affiliate acquiring title to, or other real estate interest in, all or a portion of the Leased Property that has the effect of depriving Landlord of use and occupancy thereof for its current or intended use; and (ii) Landlord shall not, and shall not request or cause any third party to, initiate and prosecute condemnation or eminent domain proceedings with respect to the Leased Property, or any portion thereof or take any other action that results in Landlord or an affiliate acquiring title to, or other real estate interest in, all or a portion of the Leased Property that has the effect of depriving Tenant of use and occupancy thereof for the Permitted Use.

(b) All condemnation awards payable in connection with the taking of all or any

portion of the Property shall belong to Landlord, *provided, however*, that Tenant shall be entitled to a pro rata share thereof if the condemnation award includes compensation for the Project Facilities and, *provided further*, that Tenant may on its own behalf make a claim in any condemnation proceeding involving the Leased Property or portions of the Property required for the Permitted Use, for losses related to the Project Facilities and any other of Tenant's equipment or personal property taken or damaged, its relocation costs and any other compensable damages and losses.

(c) If Landlord does not terminate the Lease as a result of condemnation, this Lease shall remain in full force and effect solely as to the portion of the Leased Property remaining.

15. Indemnity.

(a) *Tenant's Indemnity.* Without limiting Tenant's indemnification obligations under Section 6 hereof, to the fullest extent permitted by law, Tenant shall indemnify and hold harmless Landlord, its affiliates and its and their respective members, partners, trustees, directors, managers, officers, employees, agents and representatives (the "***Landlord Protected Parties***") from and against any and all Losses incurred, imposed, asserted against or sustained by Landlord or any Landlord Protected Party to the extent arising from or related to (i) any act or omission of Tenant related to the Permitted Use or this Agreement, (ii) occupancy of the Leased Property or Property by the Tenant, its contractors, licensees, agents, servants, invitees or employees, (iii) the performance of the Permitted Use by Tenant, and (iv) any failure of Tenant to comply with the terms hereof; except, in any case, to the extent such Losses arise from or relate to the gross negligence, fraud or willful misconduct of Landlord or any Landlord Protected Party as finally determined by a court of competent jurisdiction.

(b) *Landlord's Indemnity.* To the fullest extent permitted by law, Landlord shall indemnify and hold harmless Tenant, its affiliates and its and their respective members, partners, trustees, directors, managers, officers, employees, agents and representatives (the "***Tenant Protected Parties***") from and against any and Losses incurred, imposed, asserted against or sustained by Tenant or any Tenant Protected Party to the extent arising from or related to the gross negligence, fraud or willful misconduct of Landlord or any Landlord Protected Party as finally determined by a court of competent jurisdiction.

16. Lien of Mortgage; Non-Disturbance Agreement. Tenant accepts this Lease subject and subordinate to any ground lease, mortgage, deed of trust or other lien presently existing or hereafter arising upon the Property, or upon the Leased Property and to any renewals, modifications, re-financings and extensions thereof. The provisions of the foregoing sentence shall be self-operative and no further instrument of subordination shall be required. Tenant agrees within ten (10) days after written demand from Landlord, and at Landlord's sole cost, to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. The lien of any such ground lease, mortgage, deed of trust or other lien will not cover the Project Facilities, or Tenant's moveable trade fixtures, equipment or other personal property of Tenant located or installed in or on the Leased Property. Notwithstanding the foregoing, Tenant shall not be required to subordinate its interest in this

Lease to any deed of trust, mortgage deed, mortgage, deed to secure debt or to any other lien, encumbrances, condition, restriction, covenant or agreement affecting the Leased Property or Property unless the beneficiary, trustee or mortgagee thereunder executes, causes to be acknowledged and delivers to Tenant a Non-Disturbance and Attornment Agreement reasonably satisfactory and acceptable to Tenant and Landlord's lender.

17. Recording. Landlord and Tenant agree to execute and acknowledge a Memorandum of this Lease, in form and substance reasonably satisfactory to the Parties and Tenant's title company, which Tenant may record with the appropriate recording officer. The date set forth in the Memorandum of Lease is for recording purposes only.

18. CONSEQUENTIAL AND INDIRECT DAMAGES. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND EXCEPT TO THE EXTENT OF TENANT'S OBLIGATIONS UNDER SECTIONS 6 AND 15 TO INDEMNIFY LANDLORD FROM AND AGAINST ANY AND ALL DAMAGES ACTUALLY PAID TO AN UNAFFILIATED THIRD PARTY IN RESPECT OF A CLAIM SUBJECT TO INDEMNIFICATION UNDER SECTIONS 6 AND 15, NEITHER LANDLORD NOR ITS AFFILIATES, NOR ITS OR THEIR RESPECTIVE DIRECTORS, TRUSTEES, MEMBERS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE LIABLE UNDER OR IN CONNECTION WITH THIS AGREEMENT FOR ANY PUNITIVE, SPECIAL, LOST PROFIT, EXEMPLARY, MULTIPLE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES INCLUDING IN CONNECTION WITH OR ARISING FROM ANY PERFORMANCE OR LACK OF PERFORMANCE UNDER THIS AGREEMENT, REGARDLESS OF WHETHER (X) ANY SUCH DAMAGES CLAIM IS BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, VIOLATION OF ANY APPLICABLE DECEPTIVE TRADE PRACTICES ACT OR ANY OTHER LEGAL OR EQUITABLE THEORY OR PRINCIPLE, OR (Y) SUCH DAMAGES WERE REASONABLY FORESEEABLE OR (Z) THE PARTIES WERE ADVISED OR AWARE THAT SUCH DAMAGES MIGHT BE INCURRED.

19. Governing Law. This Lease and the performance hereof shall be governed, interpreted, construed and regulated by the laws of the State of New York, without giving effect to the conflicts of laws principles thereof.

20. Brokerage Commissions. Landlord and Tenant have dealt directly as principals and neither Party has knowledge of any brokerage commission claimed or payable as a result of the execution of this Lease. Each Party hereby agrees to indemnify, defend and hold harmless the other Party from and against any and all claims for brokerage commissions asserted by any third party as a result of actions by the indemnifying Party claimed to give rise to brokerage commissions payable as a result of the execution of this Lease, which indemnification shall survive the expiration or earlier termination of this Lease.

21. No Third Party Beneficiary. This Lease and each of the provisions hereof are solely for the benefit of Landlord (and, with respect to Section 15, the Protected Parties) and Tenant and their respective successors and permitted assigns. No provisions of this Lease, or of any of the documents and instruments executed in connection herewith, shall be construed as creating in any person or entity other than Landlord, the Protected Parties and Tenant any rights

of any nature whatsoever.

22. Notices. All notices, communications and waivers under this Agreement shall be in writing and shall be (a) delivered in person or (b) mailed, postage prepaid, either by registered or certified mail, return receipt requested or (c) sent by reputable overnight express courier, addressed in each case to the addresses set forth below, or to any other address either of the Parties to this Agreement shall designate in a written notice to the other Party:

If to Landlord:

New York State Electric & Gas Corporation
89 East Avenue
Rochester, New York 14649
Attn: Deputy General Counsel

If to Tenant:

New York Transco LLC
c/o Central Hudson Gas & Electric Corp.
284 South Avenue
Poughkeepsie, New York 12601
Attn: Vice President, Budgets, Finance and Accounting

With a copy to:

New York Transco LLC
c/o Central Hudson Gas & Electric Corp.
4 Irving Place
New York, New York 10003
Attn: General Counsel

With a copy to:

Whiteman Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Attn: Paul Gioia, Esq.

All notices sent pursuant to the terms of this Section 22 shall be deemed received (i) if personally delivered, then on the date of delivery, (ii) if sent by reputable overnight, express courier, then on the next business day immediately following the day sent, or (iii) if sent by registered or certified mail, then on the earlier of the third (3rd) business day following the day sent or when actually received.

23. Assignment; Subletting.

(a) Tenant may not sublet any of its rights, duties or obligations under this Agreement without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Tenant may not assign any of its rights, duties or obligations under this Agreement without the prior written consent of Landlord. In the event that an assignment or subletting hereunder occurs, Tenant shall nevertheless remain liable for the performance of all covenants and conditions of this Lease. In the event of an assignment, such liability shall be joint and several with the assignee.

(b) As long as no default by Tenant has theretofore occurred hereunder, Landlord agrees not to unreasonably withhold, condition or delay its consent to an assignment. Landlord shall not be deemed unreasonable in withholding its consent to any assignment if:

1. Tenant's proposed assignee is not a reputable entity of good character and/or does not have a net worth computed in accordance with generally accepted accounting principles which evidences, in Landlord's reasonable discretion, the assignee's financial ability to meet the obligations of Tenant hereunder;
2. the purpose for which the proposed assignee intends to use the Leased Property is not the Permitted Use under this Lease; or
3. the proposed occupancy shall impose an extra burden upon the Leased Property or the structural elements of Landlord's facilities on the Property; or
4. Tenant shall be in default in the performance of any of its obligations under this Lease, either at the time Landlord's consent to such assignment is requested or on the effective date of any such assignment; or
5. the proposed assignee shall be entitled, directly or indirectly, to diplomatic or sovereign immunity or shall not be subject to the service of process in, and the jurisdiction of the courts of, New York State; or
6. the proposed assignee shall be then negotiating with Landlord for the rental of any property owned by Landlord; or
7. the assignee, in its agreement of assignment and assumption, does not agree to assume all of the obligations of tenant under this Lease from and after the date of the assignment

(c) The term "*assignment*" shall be deemed to include, but shall not be limited to the following, whether occurring at any one time or over a period of time through a series of

transfers: (a) the sale or transfer of all or substantially all of the assets of, or the sale, assignment or transfer of any issued or outstanding stock, partnership interests, membership interests or other ownership interests which results in a change in the control of any corporation or other business entity which directly or indirectly is Tenant under this Lease, or is a general partner of any partnership or joint venturer of any joint venture or member of any limited liability company which directly or indirectly is Tenant under this Lease; (b) the issuance of any additional stock, partnership interests, membership interests or other ownership interests, if the issuance of such additional stock, partnership interests, membership interests or other ownership interests will result in a change of the controlling ownership of such entity as held by the shareholders, partners, members or other owners thereof when such corporation, partnership, limited liability company or other entity became Tenant under this Lease; and (c) the sale, assignment or transfer of a general partner's, joint venturer's, member's or other owner's respective interests in the partnership, joint venture or limited liability company, respectively, as the case may be, which is Tenant under this Lease, or in the distributions of profits and losses of such partnership, joint venture, limited liability company or other entity, which results in a change of control of such partnership, joint venture, limited liability company or other entity, respectively, as the case may be.

(d) Notwithstanding the foregoing, Tenant shall have the right to enter into financing with respect to the Project Facilities and, in connection therewith, collaterally assign its interest in the Project Facilities in order to grant a lender a first priority security interest in all of its right, title and interest in and to the Project Facilities.

24. Asset Purchase Closing and Required Regulatory Approvals.

(a) The rights and obligations of each Party under this Agreement are expressly contingent upon (i) the closing of the transfer of the Project Facilities under the Asset Purchase Agreement, (ii) each Party receiving all the licenses, permits, permissions, certificates, approvals, authorizations, consents, franchises and releases from any local, state, or federal regulatory agency or other governmental agency or authority (which may include as applicable, Federal Energy Regulatory Commission, the New York Independent System Operator, Inc. and the New York State Public Service Commission) or any other third party that may be required for such Party in connection with the performance of such Party's obligations under or in connection with this Agreement (the "**Required Approvals**"), and (iii) each Required Approval being granted without the imposition of any modification of or condition upon the terms of this Agreement or the subject transactions or their consummation by the Parties, unless such modification(s) or condition(s) are agreed to by both Parties in their respective sole discretion, and (iv) all applicable appeal periods with respect to the Required Approvals having expired without any appeal having been made or, if such an appeal is made, a full, final and non-appealable determination having been made regarding same by a court or other administrative body of competent jurisdiction, which determination disposes of or otherwise resolves such appeal (or appeals) to the satisfaction of both Parties in their respective sole discretion. If any of the conditions set forth in this Section 24 are not satisfied (or waived by the Party in question) (and in the case of clause (i), on or before the outside date required by the Asset Purchase Agreement), then upon such occurrence this Agreement shall be deemed cancelled and of no force and effect and neither party shall owe any obligation or have any liability to or have any

right against the other hereunder.

25. Taxes, Assessments and Other Charges. Tenant agrees to pay (i) one hundred percent (100%) of any and all taxes, assessments and other impositions assessed or imposed on the portion of the Fee Property leased to the Tenant for the Capacitor Banks, (ii) twenty-six percent (26%) of any and all taxes, assessments and other impositions assessed or imposed on the Easement Properties and Structural Improvements themselves, and (iii) one hundred percent (100%) of any and all taxes, assessments and other impositions assessed or imposed on the Project Facilities and, to the extent arising out of, or attributable to, Tenant's use of same, the Leased Property and Property. It is understood that should the Easement Properties, Property or Structural Improvements be used by Landlord, Tenant or any third party for an additional electric purpose, other than as exists as of the Commencement Date, the Parties will work together to reevaluate and recalculate Tenant's 26% allocation of taxes, assessments and other impositions in a fair and equitable manner. Tenant shall have the right to employ and to exhaust all available remedies to contest the amount of, and the liability for, such taxes, assessments and other impositions, provided, however, that if a lien shall at any time be filed against Landlord's interest in the Property, including without limitation, any of the Leased Property because of such taxes, assessments or impositions, Tenant shall cause the same to be discharged of record by either payment, deposit or bond within thirty (30) days after receiving notice of such lien. In addition, if Tenant shall fail to timely pay any such taxes, assessments and other impositions, Landlord may (but shall not be obligated to) make such payment on behalf of Tenant and such payment may be made prior to any notice or the expiration of any cure period in the event necessary to avoid any penalty, interest, late charge, lien or foreclosure. Tenant shall promptly reimburse Landlord for any such payment made, as well as any costs and expenses incurred by Landlord in connection therewith, together with interest through the date of reimbursement at the prime rate as listed in the Wall Street Journal. Notwithstanding the foregoing, in the event that Tenant no longer uses the Leased Property and the Property in the course of its business, and has removed the Project Facilities in accordance with the terms hereof, then Tenant shall not be responsible for the payment of any taxes, assessments and other impositions assessed or imposed on the Property, Leased Property and Structural Improvements themselves.

26. Miscellaneous.

(a) This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted.

(b) All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

(c) The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors, and except as otherwise provided in this Lease, their permitted assigns.

(d) If any covenant, condition or provision of this Lease, or the application thereof to any person or entity or circumstance, shall be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the application of such covenant, condition or

provision to any other person or entity any other circumstance (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by the Applicable Laws.

(e) Except as otherwise provided herein, this Lease may be modified or amended only with the prior written approval of both parties, and it may not be discharged or terminated except in writing in accordance with the terms herein provided


(f) This Lease, including all Exhibits, Schedules and other attachments referred to herein, contains the entire agreement of Landlord and Tenant with respect to the matters stated herein, and supersedes all prior agreements and understandings pertaining thereto; Exhibits and such other attachments are incorporated herein as fully as if their contents were set out in full at each point of reference to them. No covenant, representation, or condition not expressed in this Lease shall affect, or be deemed to interpret, change or restrict the express provisions hereof. This Lease shall not be amended or modified except in writing signed by both parties. Failure to exercise any right in one or more instances shall not be construed as a waiver of the right to strict performance or as an amendment to this Lease.

(g) The captions in the Lease are included for convenience only and all not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

(h) The Lease may be executed in one or more counterparts, and by the different parties to each such agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to the Lease by facsimile or by electronic .pdf shall be as effective as delivery of a manually executed counterpart of the agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease Agreement as of the day and year first above written.

NEW YORK TRANSCO LLC

By: 
Name: Robert Caso
Title: Vice President - Budget, Finance & Accounting

NEW YORK STATE ELECTRIC & GAS CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____ (Control)

By: _____
Name: Robert Caso
Title: Vice President - Budget, Finance & Accounting

**NEW YORK STATE ELECTRIC & GAS
CORPORATION**

By: *Mark S. Lynch*
Name: MARK S LYNCH
Title: PRESIDENT + CEO

By: _____
Name: _____
Title: _____

By: _____
Name: Robert Caso
Title: Vice President - Budget, Finance & Accounting

**NEW YORK STATE ELECTRIC & GAS
CORPORATION**

By: _____
Name: Mark S. Lynch
Title: President & CEO

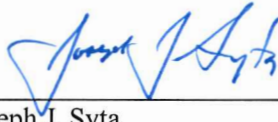
By:  _____
Name: Joseph J. Syta
Title: Vice President, Controller & Treasurer

EXHIBIT A

FEE PROPERTIES

	<u>Instrument No.</u>	<u>Type</u>	<u>Grantor</u>	<u>Cnty/Twn</u>	<u>NYSEG Existing Rights</u>	<u>Total Acreage</u>	<u>Acreage\Dimensions Leased</u>
X	502/701	D	Bolles	Delaware/Delhi/Hamden	Fee	215.01 Acres	221' x 240'
X	519/371	D	Salvatore	Sullivan/Rockland	Fee	Y	175 foot corridor for two structures

EXHIBIT B

EASEMENT PROPERTIES

	<u>Instrument No.</u>	<u>Type</u>	<u>Grantor</u>	<u>Cnty/Twn</u>	<u>NYSEG Existing Rights</u>
X	257/303	E	Kittle	Sullivan/Rockland	150' ROW
X	254/60	E	McCormack	Sullivan/Rockland	150' ROW
X	260/379	E	Hodge	Sullivan/Rockland	150' ROW
X	254/56	E	Cammer	Sullivan/Rockland	150' ROW
X	486/359	E	Bolles	Delaware/Delhi	400' ROW
X	499/60	E	Bolles	Delaware/Delhi	300' ROW
X	508/781	E	Bolles	Delaware/Delhi	160' ROW
X	1465/264	E	Bolles	Delaware/Delhi	175' ROW
X	217/24	E	Jamieson	Delaware/Delhi	150' ROW
X	474/921	E	Regan	Delaware/Delhi	150' ROW
X	217/30	E	McKee	Delaware/Delhi	150' ROW
X	292/542	E	Halliday	Delaware/Delhi	
X	217/26	E	Kirk	Delaware/Delhi	150' ROW
X	474/927	E	Marcario	Delaware/Colchester	150' ROW
X	217/35	E	Signor	Delaware/Hamden	150' ROW
X	217/206	E	Northrup	Delaware/Hamden/Colchester	150' ROW
X	217/399	E	Northrup	Delaware/Colchester	150' ROW
X	217/20	E	Edwards	Delaware/Colchester	150' ROW
X	217/22	E	Hulbert	Delaware/Colchester	150' ROW
X	292/540	E	Hammer	Delaware/Colchester	
X	478/324	E	Campoli	Delaware/Colchester	150' ROW

	Instrument No.	Type	Grantor	Cnty/Twn	NYSEG ROW
X	214/510	E	Allen	Delaware/Colchester	150' ROW
X	215/406	E	Miller	Delaware/Colchester	150' ROW
X	292/167	E	Warren	Delaware/Colchester	
X	294/476	E	Warren	Delaware/Colchester	
X	474/923	E	Kosinski	Delaware/Colchester	150' ROW
X	214/516	E	Matthews	Delaware/Colchester	150' ROW
X	214/512	E	Bush	Delaware/Colchester	150' ROW
X	214/504	E	Murdock	Delaware	150' ROW
X	214/503	E	Cammer	Delaware/Colchester	150' ROW
X	257/213	E	Marble	Delaware	ROW
X	258/388	E	Farrell	Sullivan/Rockland	ROW
X	257/20	E	Keays	Sullivan/Rockland	ROW
X	257/307	E	Warren	Sullivan/Rockland	ROW
X	257/482	E	Tobey	Sullivan/Rockland	ROW
X	257/214	E	Marble	Sullivan/Rockland	ROW
X	710/989	E	Clear Lake Corp	Sullivan/Rockland	50' ROW
X	254/55	E	Butler	Sullivan/Rockland	150' ROW
X	254/64	E	Wexler	Sullivan/Rockland	150' ROW
X	256/349	E	Joscelyn	Sullivan/Rockland	150' ROW
X	710/3	E	Winnepeg	Sullivan/Rockland	150' ROW
X	728/17	E	Nellen	Sullivan/Rockland	
X	498/396	E	Kirk	Delaware/Hamden/Delhi	150'ROW
X	217/34	E	Shaw	Delaware/Hamden	150'ROW
X	217/19	E	Eadie	Delaware/Hamden	150' ROW
X	474/919	E	Wright	Delaware/Hamden	150' ROW
X	217/40	E	Tyler	Delaware/Hamden	150' ROW
X	217/17	E	Conklin	Delaware/Hamden	150' ROW
X	217/14	E	Crawford	Delaware/Hamden	150' ROW
X	217/31	E	Neish	Delaware/Hamden	150' ROW

	Instrument No.	E	Grantor	Cnty/Twn	NYSEG ROW
X	217/39	E	Tait	Delaware/Hamden	150' ROW
X	217/29	E	Mericle	Delaware/Hamden	150' ROW
X	217/38	E	Tait	Delaware/Hamden	150' ROW
X	217/15	E	Conklin	Delaware/Hamden	150' ROW
X	217/21	E	Fairbairn	Delaware/Hamden	150' ROW
X	214/515	E	Jacobson	Delaware/Colchester	150' ROW
X	475/727	E	Jacobson	Delaware/Colchester	150' ROW
X	214/517	E	Shaver	Delaware/Colchester	150' ROW
X	474/917	E	Fletcher	Delaware/Colchester	150' ROW
X	215/202	E	Corbett/Stuart	Delaware/Colchester	150' ROW
X	214/519	E	Oralls	Delaware/Colchester	150' ROW
X	214/520	E	Tiffany	Delaware/Colchester	150' ROW
X	215/405	E	Bouw	Delaware/Colchester	150' ROW
X	214/522	E	Vansteensburg	Delaware/Colchester	150' ROW
X	474/915	E	Wheeler	Delaware/Colchester	150' ROW
X	214/506	E	Paul	Delaware/Colchester	150' ROW
X	214/505	E	Libolt	Delaware/Colchester	150' ROW
X	214/507	E	Soules	Delaware/Colchester	150' ROW
X	474/913	E	Petruska	Delaware/Colchester	150' ROW
X	214/514	E	Benton	Delaware/Colchester	150' ROW
X	217/41	E	Whitney	Delaware/Colchester	150' ROW
X	474/925	E	Smith	Delaware/Colchester	150' ROW
X	214/511	E	Allen	Delaware/Colchester	150' ROW

EXHIBIT C

STRUCTURAL IMPROVEMENTS

Structure number	Structure description	Town	Stringing Stretch
17	LATTICE TOWER D.E.	Delhi	1
18	3 POLE MEDIUM ANGLE 30° Max (SUSP.)	Delhi	1
19	H-FRAME TANGENT	Delhi	1
20	H-FRAME TANGENT	Delhi	1
21	4 POLE LONG SPAN (SUSP.)	Delhi	
23	4 POLE TANGENT D.E.	Delhi	1
24	4 POLE TANGENT V INS (SUSP.)	Hamden	2
25	H-FRAME TANGENT	Hamden	2
26	H-FRAME TANGENT	Hamden	2
27	H-FRAME TANGENT	Hamden	2
28	3 POLE SMALL ANGLE Max 5° (SUSP.)	Hamden	2
29	H-FRAME TANGENT	Hamden	2
30	H-FRAME TANGENT	Hamden	2
31	H-FRAME TANGENT	Hamden	2
32	H-FRAME TANGENT	Hamden	2
33	3 POLE SMALL ANGLE Max 5° (SUSP.)	Hamden	2
34	H-FRAME TANGENT	Hamden	2
35	H-FRAME TANGENT	Hamden	2
36	H-FRAME TANGENT	Hamden	2
37	H-FRAME TANGENT	Hamden	2
38	H-FRAME TANGENT	Hamden	2
39	H-FRAME TANGENT	Hamden	2
40	H-FRAME TANGENT	Hamden	2
41	H-FRAME TANGENT	Hamden	2
42	H-FRAME TANGENT	Hamden	2
43	H-FRAME TANGENT	Hamden	2
44	H-FRAME TANGENT	Hamden	2
45	H-FRAME TANGENT	Hamden	2
46	H-FRAME TANGENT	Hamden	
47	H-FRAME TANGENT	Hamden	2

48	H-FRAME TANGENT	Hamden	2
49	4 POLE TANGENT V INS (SUSP.)	Hamden	2
50	H-FRAME TANGENT	Hamden	2
51	H-FRAME TANGENT WITH STATIC D.E	Hamden	2
52	H-FRAME TANGENT WITH STATIC D.E	Hamden	2
53	H-FRAME TANGENT	Hamden	2
54	H-FRAME TANGENT	Hamden	2
55	H-FRAME TANGENT	Hamden	2
56	H-FRAME TANGENT	Hamden	2
57	H-FRAME TANGENT	Hamden	2
58	H-FRAME TANGENT	Colchester	2
59	H-FRAME TANGENT	Colchester	2
60	H-FRAME TANGENT	Colchester	2
61	H-FRAME TANGENT	Colchester	2

62	H-FRAME TANGENT	Colchester	2
63	H-FRAME TANGENT	Colchester	2
64	H-FRAME TANGENT	Colchester	2
65	3 POLE MEDIUM ANGLE 45° Max (SUSP.)	Colchester	2
66	H-FRAME TANGENT	Colchester	2
67	4 POLE TANGENT D.E.	Colchester	2
68	H-FRAME TANGENT	Colchester	3
69	H-FRAME TANGENT	Colchester	3
70	4 POLE TANGENT V INS (SUSP.)	Colchester	3
71	3 POLE MEDIUM ANGLE 45° Max (SUSP.)	Colchester	3
72	H-FRAME TANGENT	Colchester	3
73	4 POLE LONG SPAN (SUSP.)	Colchester	3
74	H-FRAME TANGENT	Colchester	3
75	H-FRAME TANGENT	Colchester	3
76	H-FRAME TANGENT	Colchester	3
77	4 POLE TANGENT D.E.	Colchester	3
78	H-FRAME TANGENT	Colchester	4
79	H-FRAME TANGENT	Colchester	4
80	H-FRAME TANGENT	Colchester	4
81	H-FRAME TANGENT	Colchester	4
82	H-FRAME TANGENT	Colchester	4

83	H-FRAME TANGENT	Colchester	4
84	H-FRAME TANGENT	Colchester	4
85	H-FRAME TANGENT	Colchester	4
86	H-FRAME TANGENT	Colchester	4
87	3 POLE MEDIUM ANGLE 30° Max (SUSP.)	Colchester	4
88	H-FRAME TANGENT	Colchester	4
89	LATTICE TOWER D.E.	Colchester	5
90	LATTICE TOWER D.E.	Colchester	6
91	LATTICE TOWER D.E.	Colchester	7
92	H-FRAME TANGENT	Colchester	7
93	H-FRAME TANGENT	Colchester	7
94	H-FRAME TANGENT	Colchester	7
95	3 POLE SMALL ANGLE RESTRAINED 15° Max (SUSP.)	Colchester	7
96	H-FRAME TANGENT WITH STATIC D.E	Colchester	7
97	H-FRAME TANGENT	Colchester	7
98	H-FRAME TANGENT	Colchester	7
99	3 POLE MEDIUM ANGLE 30° Max (SUSP.)	Colchester	7
100	H-FRAME TANGENT WITH STATIC D.E	Colchester	7
101	H-FRAME TANGENT	Colchester	7
102	H-FRAME TANGENT	Colchester	7
103	H-FRAME TANGENT	Colchester	7
104	H-FRAME TANGENT	Colchester	7
105	3 POLE SMALL ANGLE Max 5° (SUSP.)	Colchester	7
106	H-FRAME TANGENT WITH STATIC D.E	Colchester	7
107	H-FRAME TANGENT WITH STATIC D.E	Colchester	7
108	3 POLE SMALL ANGLE RESTRAINED 15° Max (SUSP.)	Colchester	7
109	H-FRAME TANGENT	Colchester	7
110	H-FRAME TANGENT	Colchester	7
111	H-FRAME TANGENT	Colchester	7
112	H-FRAME TANGENT	Colchester	7
113	H-FRAME TANGENT WITH STATIC D.E	Colchester	7
114	H-FRAME TANGENT	Colchester	7
115	H-FRAME TANGENT	Colchester	7
116	H-FRAME TANGENT	Colchester	7
117	3 POLE MEDIUM ANGLE 45° Max (SUSP.)	Colchester	7
118	H-FRAME TANGENT	Colchester	7
119	H-FRAME TANGENT	Colchester	7
120	H-FRAME TANGENT	Colchester	7
121	H-FRAME TANGENT	Colchester	7
122	H-FRAME TANGENT	Colchester	7

123	H-FRAME TANGENT	Colchester	7
124	H-FRAME TANGENT	Colchester	7
125	H-FRAME TANGENT	Colchester	7
126	H-FRAME TANGENT	Colchester	7
127	H-FRAME TANGENT	Colchester	7
128	H-FRAME TANGENT	Colchester	7
129	H-FRAME TANGENT	Colchester	7
130	H-FRAME TANGENT	Colchester	7
131	H-FRAME TANGENT	Colchester	7
132	3 POLE SMALL ANGLE RESTRAINED 15° Max (SUSP.)	Colchester	7
133	H-FRAME TANGENT WITH STATIC D.E	Colchester	7
134	3 POLE MEDIUM ANGLE 30° Max (SUSP.)	Colchester	7
135	H-FRAME TANGENT	Colchester	7
136	H-FRAME TANGENT	Colchester	7
137	H-FRAME TANGENT	Colchester	7
138	H-FRAME TANGENT	Colchester	7
139	H-FRAME TANGENT	Colchester	7
140	3 POLE SMALL ANGLE RESTRAINED 15° Max (SUSP.)	Colchester	7
141	H-FRAME TANGENT	Colchester	7
142	H-FRAME TANGENT	Colchester	7
143	H-FRAME TANGENT	Colchester	7
144	H-FRAME TANGENT	Colchester	7
145	H-FRAME TANGENT	Colchester	7
146	H-FRAME TANGENT	Rockland	7
147	H-FRAME TANGENT	Rockland	7
148	H-FRAME TANGENT	Rockland	7
149	H-FRAME TANGENT	Rockland	7
150	3 POLE SMALL ANGLE RESTRAINED 15° Max (SUSP.)	Rockland	7
151	H-FRAME TANGENT	Rockland	7
152	H-FRAME TANGENT	Rockland	7
153	H-FRAME TANGENT WITH STATIC D.E	Rockland	7
154	H-FRAME TANGENT WITH STATIC D.E	Rockland	7

155	H-FRAME TANGENT	Rockland	7
156	H-FRAME TANGENT	Rockland	7
157	H-FRAME TANGENT	Rockland	7
158	H-FRAME TANGENT	Rockland	7
159	4 POLE TANGENT D.E.	Rockland	7
160	H-FRAME TANGENT	Rockland	8
161	4 POLE LONG SPAN (SUSP.)	Rockland	8
162	H-FRAME TANGENT	Rockland	8
163	H-FRAME TANGENT	Rockland	8
164	3 POLE MEDIUM ANGLE 30° Max (SUSP.)	Rockland	8
165	3 POLE MEDIUM ANGLE 30° Max (SUSP.)	Rockland	8
166	H-FRAME TANGENT	Rockland	8
167	3 POLE SMALL ANGLE RESTRAINED 15° Max (SUSP.)	Rockland	8
168	H-FRAME TANGENT	Rockland	8
169	H-FRAME TANGENT	Rockland	8
170	H-FRAME TANGENT	Rockland	8
171	H-FRAME TANGENT	Rockland	8
172	H-FRAME TANGENT	Rockland	8
173	H-FRAME TANGENT	Rockland	8
174	H-FRAME TANGENT	Rockland	8
175	H-FRAME TANGENT	Rockland	8
176	H-FRAME TANGENT	Rockland	8
177	LATTICE TOWER D.E.	Rockland	8

EXHIBIT C

154 FERC ¶ 61,196
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 17, 2016

In Reply Refer To:
New York Independent System
Operator, Inc.
Docket Nos. ER15-572-001
ER15-572-004

Winston & Strawn, LLP
1700 K Street, NW
Washington, DC 20006-3817

Attn: Elias G. Farrah, Esq.
Attorney for New York Transco, LLC

Dear Mr. Farrah:

1. On November 5, 2015, you filed, on behalf of Applicants,¹ in the above referenced proceedings, an Offer of Partial Settlement (Settlement) among the Settling Parties.² On November 25, 2015, Applicants filed comments in support of the Settlement, along with some small changes to the Settlement, and Trial Staff filed comments opposing the

¹ The Applicants are the New York Transco, LLC (NY Transco), Central Hudson Gas and Electric Corp., Consolidated Edison Co. of New York, Inc., Niagara Mohawk Power Corp., New York State Electric and Gas Corp., Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corp.

² The Settling Parties are Applicants, the New York Power Authority (NYPA), Power Supply Long Island, New York Public Service Commission (New York Commission), New York State Department of State Utility Intervention Unit (UIU), City of New York, New York Association of Public Power (NYAPP), Municipal Electric Utilities Association of New York, and Multiple Intervenors (an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout the New York state).

Settlement. On December 14, 2015, Trial Staff, Applicants, the New York Commission and UIU filed reply comments. On December 18, 2015, Trial Staff filed supplemental comments on further changes to the Settlement. On December 28, 2015, NYPA filed comments on Trial Staff's supplemental comments and in support of the Settlement. Although Trial Staff objected to the Settlement, no party filed comments opposing the Settlement. On January 12, 2016, Settlement Judge certified the Settlement to the Commission as an uncontested settlement.³

2. The Settlement addresses the financial terms that are components of NY Transco's revenue requirement for the proposed Transmission Owner Transmission Solution (TOTS) Projects, including the base return on equity (ROE), the characterization of the 50-basis point ROE adder, the capital structure, and the cost allocation under the New York Independent System Operator, Inc. (NYISO) Open Access Transmission Tariff (OATT) for the TOTS Projects.

3. The Settlement provides that

[t]he standard of review for any change to the Settlement Agreement proposed by a Settling Party shall be the "public interest" application of the just and reasonable standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956); *Fed. Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527 (2008), and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n*, 130 S. Ct. 693, 700 (2010). The ordinary just and reasonable standard of review (rather than the "public interest" standard), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527 (2008) applies to any changes to the Settlement Agreement sought by the Commission acting *sua sponte* or at the request of a non-Settling Party or non-party to this proceeding.⁴

³ Settlement Judge notes that Trial Staff's objection is not based on, and does not raise, any material issue of fact. *N.Y. Transco, LLC*, 154 FERC ¶ 63,007, at P 11 (2016). Staff objects to the characterization of the Settlement's 50-basis point adder. In the underlying order, *N.Y. Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,004 (2015) (Hearing Order), the Commission approved a 50-basis point adder for Regional Transmission Organization participation. The Settlement states that the purpose of the 50-basis point adder is "[t]o account for benefits to customers, including congestion relief." NY Transco Nov. 5, 2015 Offer of Partial Settlement, § 3.2.

⁴ *Id.* § 6.1.

4. The Settlement resolves all issues set for hearing or pending in requests for rehearing in Docket No. ER15-572-002 with respect to the Applicants' proposed TOTS Projects. The projects to be developed by NY Transco that were proposed by the Applicants in the New York Commission's Alternating Current Transmission Proceeding are not subject to the terms of this Settlement.⁵

5. Applicants note in their comments that certain formula rate line items require correction. Applicants request the Commission to direct the Settling Parties to make three small changes to the formula rate template in the compliance filing provided for in Article 3.8 of the Settlement, which will be submitted within 30 days of the date that the Commission approves the Settlement. Trial Staff supports these formula rate corrections, submits further corrections to the formula rate agreed to by the Applicants and Trial Staff, and requests that the Commission order Applicants to file a compliance filing to make these corrections. No Settling Party objects to the changes.

6. The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings. Because the Settlement contains the allocation of costs for the TOTS Projects, we reject Applicants' pending compliance filing in Docket No. ER15-572-001 as moot.

7. Applicants are directed to file revised tariff sheets in eTariff format,⁶ within 30 days of the date of issuance of this order, to reflect the Commission's action in this order. As part of this compliance filing, we direct NY Transco to make the necessary formula rate corrections as noted above. We also direct Applicants to include in the compliance filing revisions to Section 3(e)(ix) and Section 4(b) of the protocols for the formula rate, pursuant to the Hearing Order.⁷

⁵ The Settlement provides that any requests for rehearing in Docket No. ER15-572-002, insofar as they apply to the AC Projects, will be held in abeyance and provides for settlement negotiations to resume with respect to the AC Projects in the coming months. *Id.* § 3.7.

⁶ *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

⁷ Hearing Order, 151 FERC ¶ 61,004 ordering paragraph (E).

8. This letter order terminates Docket Nos. ER15-572-001 and ER15-572-004.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

EXHIBIT D

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Transco, LLC)	
New York Independent System Operator, Inc.)	
Central Hudson Gas & Elec. Corp.)	
Consolidated Edison Co. of New York, Inc.)	
Niagara Mohawk Power Corp., d/b/a)	Docket No. ER15-572-000
National Grid)	
New York State Elec. & Gas Corp.)	
Orange and Rockland Utilities, Inc.)	
Rochester Gas and Electric Corp.)	

**COMMENTS OF THE APPLICANTS
ON THE OFFER OF PARTIAL SETTLEMENT**

**To: Honorable Steven L. Sterner
Presiding Administrative Law Judge**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”),¹ the Applicants in the above-captioned proceeding² submit these comments on the Offer of Partial Settlement (“Settlement”) filed in this proceeding on November 5, 2015, on behalf of themselves and the Active Settlement Parties (the “Settling Parties”)³ to resolve all of the issues set for hearing or pending in requests for rehearing in Docket No. ER15-572-000 with respect to the Applicants’ proposed Transmission Owner Transmission Solutions Projects.

¹ 18 C.F.R. § 385.602 (2015).

² The Applicants are the New York Transco, LLC (“NY Transco”), Central Hudson Gas and Electric Corporation (“Central Hudson”), Consolidated Edison Company of New York, Inc. (“Con Edison”), Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”), New York State Electric and Gas Corporation (“NYSEG”), Orange and Rockland Utilities, Inc. (“O&R”), and Rochester Gas and Electric Corporation (“RG&E”).

³ The Active Settlement Parties who attended all of the settlement conferences and participated in settlement negotiations are New York Power Authority (“NYPA”), Power Supply Long Island (“LIPA”), New York Public Service Commission (“NYPSC”), New York State Department of State Utility Intervention Unit, City of New York, New York Association of Public Power, Municipal Electric Utilities Association of New York, and Multiple Intervenors (an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State). Commission Trial Staff also has actively participated in the settlement discussions.

Among other issues, the Settlement resolved outstanding issues associated with the formula rate. The proposed formula rate template was attached as proposed Attachment DD (Section 36.3) of the New York Independent System Operator, Inc. (“NYISO”) Open Access Transmission Tariff within Appendix A to the Offer of Partial Settlement. In preparing the annual projection of NY Transco’s transmission revenue requirement, which is required to be posted to the NYISO’s website on November 30, 2015,⁴ the Applicants discovered that in accepting the changes to the formula rate template requested by the Settling Parties and FERC Trial Staff during settlement negotiations, errors to three lines occurred. These errors have the effect of inadvertently showing more revenue on Attachment 4 than should be reflected.

To resolve this issue and properly reflect the intent of the parties, the Commission should direct the Settling Parties to make three small changes to the formula rate template in the compliance filing provided for in Article 3.8 of the Settlement, which will be submitted within 30 days of the date that the Commission approves the Settlement. First, line 95 in Appendix A of the formula rate template should be changed back to “Net Transmission Plant” and include any Contributions in Aid of Construction (“CIACs”) to ensure the line 99 denominator includes for any approved abandoned plant, approved regulatory assets and approved CWIP. This change would ensure that the return and taxes in line 100 are spread to all project-related assets (because exclusion of the CIAC projects results in a smaller divisor and larger base carrying charge). Second, line 100 of Appendix A should be adjusted to include only the return and taxes, which has the effect of further lowering the base carrying charge. Third, line 64 on Attachment 4 should be modified to remove depreciation expense, which is directly assigned on Attachment 4.

⁴ Section 1.a of NY Transco’s formula rate implementation protocols (“Protocols”) require NY Transco to make this posting by September 30 of each year. On November 29, 2015, the Commission issued an order allowing NY Transco to make its annual projection posting by the earlier of 30 days after the filing of the Settlement or November 30, 2015. *New York Transco, LLC*, 153 FERC ¶ 61,181 (2015).

A redline and strikeout version of Appendix A and Attachment 4 are attached hereto as Attachment A and Attachment B, respectively, to show these proposed changes to NY Transco's formula rate template.

The Applicants respectfully request that the Commission direct the Applicants to revise NY Transco's formula rate template as described herein in a compliance filing to be made within 30 days of the date that the Commission approves the Settlement. Since the need for these changes just became known, we have not had time to discuss them with other parties. By filing them as comments on the Settlement today, all parties will have an opportunity to address them in reply comments, which are due by December 7, 2015, to the extent they deem it appropriate.

Respectfully submitted,

/s/ Elias G. Farrah

Elias G. Farrah

Winston & Strawn LLP

1700 K Street, N.W.

Washington, DC 20006

efarrah@winston.com

Counsel to the Applicants

Dated: November 25, 2015

ATTACHMENT A

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

Projected Annual Transmission Revenue Requirement
For the 12 months ended 12/31/____

New York Transco LLC

Line No.			(1)	(2)	(3)
					Allocated Amount
1	GROSS REVENUE REQUIREMENT	(line 74)		12 months	\$ -
			Total	Allocator	
2	REVENUE CREDITS				
	Total Revenue Credits	Attachment 1, line 6	-	TP 1.0000	-
3	Net Revenue Requirement	(line 1 minus line 2)			-
4	True-up Adjustment	Attachment 7	-	DA 1.00000	-
5	NET ADJUSTED REVENUE REQUIREMENT	(line 3 plus line 4)			\$ -

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

(1)		(2)	New York Transco LLC		(4)	(5)	
		Form No. 1				Transmission	
		Page, Line, Col.	Company Total		Allocator	(Col 3 times Col 4)	
Line No.	RATE BASE:						
GROSS PLANT IN SERVICE (Note M)							
6	Production	(Attach 2, line 75)	-	NA	-	-	
7	Transmission	(Attach 2, line 15)	-	TP	1.0000	-	0
8	Distribution	(Attach 2, line 30)	-	NA	-	-	
9	General & Intangible	(Attach 2, lines 45 & 60)	-	W/S	1.0000	-	0
10	TOTAL GROSS PLANT (sum lines 6-9)	(GP=1 if plant =0)	-	GP=	-	-	0
ACCUMULATED DEPRECIATION & AMORTIZATION (Note M)							
11	Production	(Attach 2, line 151)	-	NA	-	-	
12	Transmission	(Attach 2, line 91)	-	TP	1.0000	-	0
13	Distribution	(Attach 2, line 106)	-	NA	-	-	
14	General & Intangible	(Attach 2, lines 121 & 136)	-	W/S	1.0000	-	0
15	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)		-			-	0
16							
NET PLANT IN SERVICE							
17	Production	(line 6- line 12)	-			-	
18	Transmission	(line 7- line 13)	-			-	
19	Distribution	(line 8- line 14)	-			-	
20	General & Intangible	(line 9- line 15)	-			-	
21	TOTAL NET PLANT (sum lines 18-21)	(NP=1 if plant =0)	-	NP=	-	-	0
22							
ADJUSTMENTS TO RATE BASE (Note A)							
23	ADIT	(Attach 6a, line 9)	-	TP	1.0000	-	
24	Account No. 255 (enter negative) (Note F)	(Attach 3, line 153)	-	NP	-	-	
25	CWIP	(Attach 10)	-	DA	-	-	
26	Unfunded Reserves (enter negative)	(Attach 3, line 170a)	-	DA	1.0000	-	
27	Unamortized Regulatory Assets	(Attach 10) (Note L)	-	DA	1.0000	-	
28	Unamortized Abandoned Plant	(Attach 10) (Note K)	-	DA	1.0000	-	
29	TOTAL ADJUSTMENTS (sum lines 24-29)		-			-	
30							
31	LAND HELD FOR FUTURE USE	Attachment 10	-	TP	1.0000	-	
32							
WORKING CAPITAL (Note C)							
33	CWC	calculated (1/8 * Line 45)	-			-	
34	Materials & Supplies (Note B)	(Attach 3, line 189)	-	TP	1.0000	-	
35	Prepayments (Account 165 - Note C)	(Attach 3, line 170)	-	GP	-	-	
36	TOTAL WORKING CAPITAL (sum lines 33-35)		-			-	
37	RATE BASE (sum lines 22, 30, 31, & 36)		-			-	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

(1)		(2)	(3)	(4)	(5)	
		Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
38	O&M					
39	Transmission	321.112.b	-	TP=	1.0000	-
40	Less Accounts 565, 561 and 561.1 to 561.8	321.96.b & 84.b to 92.b	-	TP=	1.0000	-
41	A&G	323.197.b	-	W/S	1.0000	-
42	Less EPRI & Reg. Comm. Exp. & Other Ad.	(Note D & Attach 3, line 171)	-	DA	1.0000	-
43	Plus Transmission Related Reg. Comm. Exp.	(Note D & Attach 3, line 172)	-	TP=	1.0000	-
44	PBOP expense adjustment	(Attach 3, line 243)	-	TP=	1.0000	-
44a	Less Account 566	321.97.b	-	DA	1.0000	-
44b	Amortization of Regulatory Assets	(Attach 10, line 2)	-	DA	1.0000	-
44c	Account 566 excluding amort. of Reg Assets	(line 44a less line 44b)	-	DA	1.0000	-
45	TOTAL O&M (sum lines 39, 41, 43, 44, 44b, 44c less lines 40 & 42, 44a) (Note D)		-			-
46	DEPRECIATION EXPENSE					
47	Transmission	336.7.f (Note M)	-	TP	1.0000	-
48	General and Intangible	336.1.f + 336.10.f (Note M)	-	W/S	1.0000	-
49	Amortization of Abandoned Plant	(Attach 3, line 155) (Note K)	-	DA	1.0000	-
50	TOTAL DEPRECIATION (Sum lines 47-49)		-			-
51	TAXES OTHER THAN INCOME TAXES (Note E)					
52	LABOR RELATED					
53	Payroll	263...i (enter FN1 line #)	-	W/S	1.0000	-
54	Highway and vehicle	263...i (enter FN1 line #)	-	W/S	1.0000	-
55	PLANT RELATED					
56	Property	263...i (enter FN1 line #)	-	GP	-	-
57	Gross Receipts	263...i (enter FN1 line #)	-	NA	-	-
58	Other	263...i (enter FN1 line #)	-	GP	-	-
59	TOTAL OTHER TAXES (sum lines 53-58)		-			-
60	INCOME TAXES (Note F)					
61	$T=1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\}^{(1-n)}$		-			-
62	$\text{CIT}=(T/(1-T)) * (1-(\text{WCLTD}/R)) =$		-			-
63	where $\text{WCLTD}=(\text{line } 91) \text{ and } R=(\text{line } 94)$					
64	and FIT, SIT, p, & n are as given in footnote F.					
65	$1 / (1 - T) = (T \text{ from line } 61)$		-			-
66	Amortized Investment Tax Credit (Attachment 4, line 14)		-			-
67	Income Tax Calculation = line 62 * line 71 * (1-n)		-			-
68	ITC adjustment (line 65 * line 66 * (1-n))		-	NP	-	-
69	Total Income Taxes (line 67 plus line 68)		-			-
70	RETURN					
71	[Rate Base (line 37) * Rate of Return (line 94)]		-	NA		-
72	Rev Requirement before Incentive Projects (sum lines 45, 50, 59, 69, 71)		-			-
73	Incentive Return and Income Tax on Authorized Projects (Attach 4, line 58, col h)		-	DA	100%	-
74	Total Revenue Requirement (sum lines 72 & 73)		-			-

0

0

0

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

New York Transco LLC
SUPPORTING CALCULATIONS AND NOTES

75 TRANSMISSION PLANT INCLUDED IN RTO RATES

76	Total transmission plant (line 7, column 3)	-
77	Less transmission plant excluded from RTO rates (Note H) (Attachment 3, line 175)	-
78	Less transmission plant included in OATT Ancillary Services (Note H) (Attachment 3, line 175)	-
79	Transmission plant included in RTO rates (line 76 less lines 77 & 78)	-

80 Percentage of transmission plant included in RTO Rates (line 79 divided by line 76) [If line 76 equal zero, enter 1) TP= 1.0000

81 WAGES & SALARY ALLOCATOR (W&S) (Note I)

82	Form 1 Reference	\$	TP	Allocation				
83	Production 354.20.b	-	0.00	-				
84	Transmission 354.21.b	1.00	1.00	1.00				
85	Distribution 354.23.b	-	0.00	-				
86	Other 354.24,25,26.b	-	0.00	-				
87	Total (sum lines 83-86) [TP equals 1 if there are no wages & salaries]	1.00		1.00	=	W&S Allocator (\$ / Allocation)	1.0000	= WS

88 RETURN (R) (Note J)

89			\$	%	Cost	Weighted	
90							
91	Long Term Debt (Attach 3, lines 249 & 270 or Attach 5) (Note G)	-	-	-	-	-	=WCLTD
92	Preferred Stock (Attachment 3, lines 251 & 273)	-	-	-	-	-	
93	Common Stock (Attachment 3, line 257)	-	-	9.50%	-	-	
94	Total (sum lines 91-93)	-	-	-	-	-	=R

Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments

		(a) Non-incentive Investments from Attachment 4 (Note N)	(b) Incentive Investments from Attachment 4 (Note N)	(c) Total
95	Net Transmission Plant in Service (Line 19 and Transmission CIGs)	-	-	-
96	CWIP in Rate Base (Line 26)	-	-	-
97	Unamortized Abandoned Plant (Line 29)	-	-	-
98	Regulatory Assets (Line 28)	-	-	-
99	Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments	-	-	-
100	Return and Taxes Rev Requirement before Incentive (Lines 69 & 71)	-	-	-
101	Total Revenue Credits	-	-	-
102	Base Carrying Charge (used in Attach 4, Line 65) (Line 100 - Line 101)/ Line 99	-	-	-

SUPPORTING CALCULATIONS AND NOTES

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

New York Transco LLC

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
Letter

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. The formula uses the stated average of the beginning and end of year balances to prorate ADIT to comply with IRS normalization rules. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only transmission related.
- C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission
Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1.
- D Line 42 removes EPRI Annual Membership Dues listed in Form 1 at 353.f (enter FN1 line #),
any EPRI Lobbying expenses included in line 42 of the template and all Regulatory Commission Expenses itemized at 351.h
Line 42 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising
Line 42 removes all EEI and EPRI research, development and demonstration expenses and NY Transco will not participate in EEI or EPRI.
Line 43 reflects all Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized at 351.h
Line 38 or Line 41 and thus Line 45 shall include any NYISO charges other than penalties, including but not limited to administrative costs.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base.
multiplied by $(1/1-T)$.
Inputs Required:
- | | | |
|-------|---|---|
| FIT = | - | |
| SIT = | - | (State Income Tax Rate or Composite SIT from Attach 3) |
| p = | - | (percent of federal income tax deductible for state purposes) |
| n = | - | (not for profit entity ownership percentage) |
- For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.
- G The cost of debt is determined using the internal rate of return methodology shown on Attachment 5 once project financing is obtained. Prior to obtaining project financing, an interest rate of 3.85% from Table 4 of Attachment 5 will be used and will not be trued up. Attachment 5 contains an estimate of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Appendix A.
After the completion of construction, the cost of debt will be calculated pursuant to Attachment 3
- H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- I Enter dollar amounts
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206.
The capital structure will be the actual capital structure up to 53% equity. Lines 93 will be capped at 53% equity. If the actual equity ratio exceeds 53%, the common stock ratio will be reset to 53% and the debt ratio will be equal to 1 minus sum of the preferred stock ratio and common stock ratio.
- K Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of abandoned plant. Company must submit a Section 205 filing to recover the cost of abandoned plant. Any such filing to recover the cost of an abandoned plant item shall be made no later than 180 days after the date that Company formally declares such plant item abandoned.
- L Unamortized Regulatory Assets, consisting of all expenses incurred but not included in CWIP prior to the date the rate is charged to customers, is included at line 28
Carrying costs equal to the weighted cost of capital on the balance of the regulatory asset will accrue until the rate is charged to customers
- M Balances exclude Asset Retirement Costs
- N Non-incentive investments are investments without ROE incentives and incentive investments are investments with ROE incentives

ATTACHMENT B

The calculations below calculate that additional revenue requirement for 100 basis points of ROE and 1 percent change in the equity component to the capital structure. These amounts are then used to calculate the actual increase in revenue in the table below (starting on line 66) associated with the actual incentive authorized by the Commission. The use of the 100 basis point calculations do not presume any particular incentive (i.e., 100 basis points) being granted by the Commission.

Base ROE and Income Taxes Carrying Charge					New York Transco LLC
					AllocatorResult
1	Rate Base				-
2	BASE RETURN CALCULATION:				
3	Long Term Debt	(Appendix A, Line 91)	\$	%	CostWeighted
4	Preferred Stock	(Appendix A, Line 92)	-	0%	0.00%
5	Common Stock	(Appendix A, Line 93)	-	0%	0.00%
6	Total (sum lines 3-5)		-		0.00%
7	Return multiplied by Rate Base (line 1 * line 6)				
8	INCOME TAXES				
9	$T = 1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$ (Appendix A, line 61)				
10	$CIT = (T / (1 - T)) * (1 - (WCLTD / R)) =$				
11	where WCLTD=(line 3) and R=(line 6)				
12	and FIT, SIT & p are as given in footnote F on Appendix A.				
13	$1 / (1 - T) =$ (T from line 9)				
14	Amortized Investment Tax Credit (266.8f) (enter negative)		-		
15	Income Tax Calculation = line 10 * line 7 * (1-n)				
16	ITC adjustment (line 13 * line 14) * (1-n)				
17	Total Income Taxes	(line 15 plus line 16)	-	NP	-
18	Base Return and Income Taxes				
19	Rate Base				
20	Return and Income Taxes at Base ROE				

100 Basis Point Incentive ROE and Income Taxes Carrying Charge

Attachment 4

Result

21	Rate Base					-
22	100 Basis Point Incentive Return impact on					
23	Long Term Debt (line 3)	\$	%	Cost	Weighted	
24	Preferred Stock (line 4)	-	0%	0.00%	-	
25	Common Stock (line 5 plus 100 basis points)	-	0%	0.00%	-	
26	Total (sum lines 24-26)	-	0%	10.50%	-	
27	100 Basis Point Incentive Return multiplied by Rate Base (line 21 * line 26)					-
28	INCOME TAXES					
29	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$ (Appendix A, line 61)	-				
30	$CIT=(T/(1-T)) * (1-(WCLTD/R)) =$	-				
31	where WCLTD=(line 23) and R=(line 26)					
32	and FIT, SIT & p are as given in footnote F on Appendix A.					
33	$1 / (1 - T) = (T \text{ from line } 29)$	-				
34	Amortized Investment Tax Credit (line 14)	-				
35	Income Tax Calculation = line 30 * line 27 * (1-n)	-				-
36	ITC adjustment (line 33 * line 34) * (1-n)		NP	-		-
37	Total Income Taxes (line 35 plus line 36)	-				-
38	Return and Income Taxes with 100 basis point increase in ROE		Sum lines 27 and 37			-
39	Rate Base		Line 21			-
40	Return and Income Taxes with 100 basis point increase in ROE		Line 38 / line 39			-
41	Difference in Return and Income Taxes between Base ROE and 100 Basis Point Incentive		Line 41- Line 20			-

Effect of 1% Increase in the Equity Ratio

Results

42	Rate Base					-
43	100 Basis Point Incentive Return					
44	Long Term Debt (line 3 minus 1% in equity ratio)	\$	%	Cost	Weighted	
45	Preferred Stock (line 4)	-	-1%	0.00%	0.00%	
46	Common Stock (line 5 plus 1% in equity ratio))	-	0%	0.00%	0.00%	
47	Total (sum lines 44-46)	-	1%	9.50%	0.10%	
48	Line 47 x line 42	-				-
49	INCOME TAXES					
50	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$ (Appendix A, line 61)	-				
51	$CIT=(T/(1-T)) * (1-(WCLTD/R)) =$	-				
52	where WCLTD=(line 44) and R=(line 47)					
53	and FIT, SIT & p are as given in footnote F on Appendix A.					
54	$1 / (1 - T) = (T \text{ from line } 50)$	-				
55	Amortized Investment Tax Credit (line 14)	-				
56	Income Tax Calculation = line 51 * line 48 * (1-n)	-				-
57	ITC adjustment (line 54 * line 55) * (1-n)		NP	-		-
58	Total Income Taxes (line 56 plus line 57)	-				-
59	Return and Income Taxes with 1% Increase in the Equity Ratio		Sum lines 48 and 58			-
60	Rate Base		Line 42			-
61	Return and Income Taxes with 1% Increase in the Equity Ratio		Line 59 / line 60			-
62	Difference between Base ROE and 1% Increase in the Equity Ratio		Line 61 - Line 20			-

63 Revenue Requirement per project including incentives

64 Expense Allocator [Appendix A, lines 45-50 and 59, less Appendix A, line 44b / Gross Transmission Plant in Service Column (l)] (Note B)

65 Base Carrying Charge (used in / Line 102 Appendix A)

The table below breaks out the total revenue requirement on Appendix A separately for each investment. The total of Column (p) must equal the amount shown on Appendix A, Line 3.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Line	Description	Net Investment (Note A)	ROE Authorized by FERC (Note C)	ROE Base (From Appendix A, line 93)	Incentive % Authorized by FERC	Line 41	Col (e) / .01 x Col (f)	Incentive \$ (Col (b) x Col (g))	Equity % in Capital Structure (% above base %, -% below base %)(1 equals 1%)	Impact of Equity Component of Capital Structure(Col (b) x (i) x Line 62	Base Return and Tax (Line 65 x Col (b))	Gross Plant In Service (Note B)	Expense Allocator (line 64)	O&M, Taxes Other than Income (Col. (l) x Col. (n))	Depreciation/Am ortization Expense	Total Revenues (Col. (h) + (i) + (k) +(n) +(o))
66	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-
66a	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-
66b	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-
66c	-	-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-	-
...				9.50%												
...				9.50%												
...				9.50%												
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...				9.50%												
...				9.50%												
...				9.50%												
67	Total	\$0.00						-		-	-	\$0		-	-	-

Check Sum Appendix A Line 3

Difference (must be zero)

Note:

A Column (b), Net Investment includes the Net Plant In Service, unamortized regulatory assets, unamortized abandoned plant and CWIP

B Column (l), Gross Plant in Service excludes Regulatory Assets, CWIP, and Abandoned Plant.

C Column (e), for each project with an incentive in column (e), note the docket No. in which FERC granted the incentive>

Project	Docket No.	Note
TOTs 1 - Ramapo to Rock Tavern	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate
TOTs 2 - Staten Island Unbottling Feeder Split	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate
TOTs 3 - NYSEG's Marcy South Series Comp Fraser to Coopers Corner	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list in this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Washington, D.C. this 25th day of November, 2015.

/s/ Kimberly Ognisty

Kimberly Ognisty

Winston & Strawn LLP

1700 K Street, N.W.

Washington, DC 20006-3817

202-282-5000

EXHIBIT E

Management Overview

As provided in the NY Transco Limited Liability Agreement, the Company is managed by the Board of Managers (the “Board”). Each Member of the Company has a manager appointed to the Board. The Board has monthly telephonic meetings, of which one is an in-person each quarter. The day to day operations of the Company are carried out by the officers of the Company, which are appointed by Board. The officers of the Company are listed below.

NY TRANSCO OFFICERS		
Name	Position	NYTOs Represented
Stuart M. Nachmias	President	CECONY and O&R (Consolidated Edison)
Nabil Hitti	Vice President – Capital Investments	National Grid
James A. Lahtinen	Vice President – Regulatory Affairs	NYSEG & RGE (AVANGRID)
Robert Caso	Vice President – Budget, Finance and Accounting	Central Hudson (Fortis)
Kathleen Carrigan	General Counsel	None (independent contractor)

Source: NY Transco

Stuart M. Nachmias, President

Stuart Nachmias is the President of NY Transco. He was elected by the CEOs of the various member companies at its inception in November 2014, and was involved with the development of NY Transco leading up to its creation. Mr. Nachmias is also Vice President of Energy Policy & Regulatory Affairs for CECONY. With more than 27 years experience at Con Edison, Mr. Nachmias is responsible for development of positions on federal and state electric and gas policy issues as well as regulatory strategy. He manages relations with federal and state energy regulators as well as with the Northeast ISO/RTO's, including NYISO and PJM. He also works closely with trade associations such as the Edison Electric Institute and the American Gas Association. More recently, Mr. Nachmias has actively participated in state and federal activities surrounding the future industry structure and the role of utilities and other companies, including the New York Public Service Commission's Reforming the Energy Vision (REV) proceeding.

Nabil Hitti, VP – Capital Investments

Nabil Hitti is the Vice President of Capital Investments at NY Transco. He also holds the position of Director of US Business Development at National Grid with responsibilities for competitive transmission projects development across multiple regions, with a primary focus on NYISO, PJM, MISO and as necessary ISO-NE. He is also the National Grid lead for ERO/FERC-NERC policies. Mr. Hitti has over 27

years of utility industry experience with general management and leadership roles in electric transmission development and project implementation, operations, FERC regulation, compliance and information services. He has experience as General Manager for transmission control

James A. Lahtinen, VP –Regulatory Affairs

James Lahtinen is the Vice President of Regulatory Affairs at NY Transco. He has held this role since the formation of NY Transco in November 2014. He also currently holds the position of Vice President of Rates & Regulatory Economics for NYSEG and REG&E. In this role, Mr. Lahtinen oversees rates and regulatory activities of AVANGRID Networks three operating companies—Central Maine Power, NYSEG and RG&E—which serve more than 2.4 million customers across New York and Maine. Prior to joining RG&E, Mr. Lahtinen was Vice President, rates at Duquesne Light Company and Vice President, rates & regulatory affairs at AquaSource, Inc., an affiliate of Duquesne Holdings Company, where he formed the rates and regulatory affairs unit to cover all rate-related matters in eleven states. Mr. Lahtinen has also served as a staff economist with the New York State Consumer Protection Board (1979-1981) and as a staff economist with the New York State Department of Public Service (1981-1984).

Robert Caso, VP – Budget, Finance & Accounting

Robert Caso is the Vice President of Budget, Finance and Accounting at NY Transco. He has held this role since the formation of NY Transco in November 2014. He has held various senior management positions at Central Hudson and its affiliates for more than 20 years. More recently, Caso held the position of Director of Strategic Planning at Central Hudson Gas & Electric Corporation, with responsibility for Central Hudson's strategic planning activities, including development of financial forecasts and sensitivity analyses to be used in developing business plans and strategic plans. He also assists in the evaluation of investments in FERC-regulated entities/projects. He has also held positions as Director of Investment Accounting and Taxes, Director of Taxes and Controller at various Central Hudson entities.

Kathleen Carrigan, General Counsel

Kathleen Carrigan is the external General Counsel to NY Transco. She is also the founder of Carrigan + Associates which offers an array of services that include legal, regulatory, strategic planning and public relations. Carrigan has over 20 years of experience in public utility and energy law and public policy. Her experience has concentrated in the wholesale electric energy industry. She provides advice to industry participants on wholesale energy market rules, tariff provisions, and operating procedures. She represents clients in the New England and New York wholesale markets. Carrigan also represents clients before the Federal Energy Regulatory Commission ("FERC"). She assists clients in federal and state compliance related efforts and represents clients in FERC enforcement investigations. Her client base includes Independent System Operators/Regional Transmission Organizations, Renewable Energy Suppliers, Demand Response Providers, and Public Sector Institutions. Ms. Carrigan is a member of the

Connecticut, Massachusetts and New York Bar Associations and has served on the Board of the Energy Bar Association and the Board of the Charitable Foundation of the Energy Bar Association.

EXHIBIT F

**LIMITED LIABILITY COMPANY
AGREEMENT**

OF

NEW YORK TRANSCO LLC

A NEW YORK LIMITED LIABILITY COMPANY

November 14, 2014

LIMITED LIABILITY COMPANY AGREEMENT
OF
NEW YORK TRANSCO LLC

This LIMITED LIABILITY COMPANY AGREEMENT (including Schedules and Exhibits attached hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, this “Agreement”), dated as of November 14, 2014 (the “Effective Date”), of NEW YORK TRANSCO LLC, a New York limited liability company (the “Company”), by and among Consolidated Edison Transmission, LLC, a New York limited liability company (the “Con Edison Member”); Grid NY LLC, a New York limited liability company (the “National Grid Member”); Iberdrola USA Networks New York Transco, LLC, a New York limited liability company (the “NYSEG & RGE Member”); and Central Hudson Electric Transmission LLC, a New York limited liability company (the “Central Hudson Member”).

RECITALS

WHEREAS, the Company was formed pursuant to articles of organization filed with and accepted by the Secretary of State of the State of New York on 14, 2014 (as the same may be amended or otherwise modified from time to time in accordance with terms of this Agreement and the Act, the “Articles of Organization”), in accordance with the provisions of the New York Limited Liability Company Law and any successor statute, as amended from time to time (the “Act”); and

WHEREAS, the parties hereto have determined to establish the Company for the purpose of planning, constructing, owning, operating, maintaining and expanding transmission facilities and for any other lawful business, purpose or activity for which limited liability companies may be formed under the Act and have entered into this Agreement to govern the affairs of the Company and certain relationships with and among the Members.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. Capitalized terms used in this Agreement but not defined in the body hereof shall have the meanings ascribed to them in Exhibit A attached hereto.

Section 1.2 Construction. Unless the context requires otherwise: (a) pronouns in the masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa; (b) the term “including” shall be construed to be expansive rather than limiting in nature and to mean “including, without limitation”; (c) references to Articles and Sections refer to Articles and

Sections of this Agreement; (d) the words “this Agreement,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole, including the Schedules and Exhibits attached hereto, and not to any particular subdivision unless expressly so limited; (e) references to Schedules and Exhibits are to Schedules or Exhibits attached to this Agreement, each of which is hereby incorporated herein and made a part hereof for all purposes as if set forth in full herein; (f) the word “or” is not exclusive; (g) unless otherwise expressly provided, a reference to any Person or Persons shall be construed as a reference to any permitted successors and assigns of such Person or Persons; (h) the Article, Section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (i) each accounting term used in this Agreement and not otherwise defined has the meaning assigned to it in accordance with GAAP and/or the FERC Books of Account, as applicable; and (j) each reference in this Agreement to “dollars,” “Dollars,” “USD,” “U.S. Dollars” or “\$” shall be a reference to United States Dollars, the lawful currency of the United States of America. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event of any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any provision of this Agreement. This Agreement shall be interpreted without reference to any prior drafts hereof.

ARTICLE II

FORMATION OF THE COMPANY

Section 2.1 Formation. The Company was formed as a limited liability company pursuant to the Act by filing the Articles of Organization with the Office of the Secretary of State of the State of New York on 14, 2014. The Company is and shall continue to be a limited liability company organized under the Act. The Members hereby ratify the organization and formation of the Company and the filing of the Articles of Organization by Susan LoFrumento as an “Authorized Person” under the Act and continue the Company, pursuant to the terms and conditions of this Agreement. The Members agree to be bound by and comply with the provisions of the Articles of Organization and this Agreement, provided that in the event of a conflict between the provisions of this Agreement and the Articles of Organization, the provisions of the Articles of Organization shall control. This Agreement shall constitute an “operating agreement” for purposes of the Act.

Section 2.2 Name. The name of the Company is “New York Transco LLC” and its business shall continue to be carried on in such name with such variations and changes as the Board deems necessary to comply with requirements of the jurisdictions in which the company’s operations are conducted. In the event that the Board changes the name of the Company, it shall notify each of the Members.

Section 2.3 Principal Place of Business. The principal place of business and principal office of the Company shall be a location within the State of New York as may be designated by the Board from time to time. The Company may change such place of business and office, and may have such additional places of business and offices, as the Board may determine.