

## GAS SUPPLY AND GAS TRANSPORTATION AGREEMENT

**GAS SUPPLY AND GAS TRANSPORTATION AGREEMENT**, dated as of \_\_\_\_\_, 20\_\_ (this "Agreement"), between Orange and Rockland Utilities, Inc., a New York corporation ("O&R"), and Pike County Light & Power Company, a Pennsylvania corporation ("PCL&P") (O&R and PCL&P are sometimes referred to herein individually as a "Party" and collectively as the "Parties").

**WHEREAS**, O&R and Corning Natural Gas Holding Corporation ("Corning") have entered into a Stock Purchase Agreement, dated as of October 13, 2015 (the "SPA"), pursuant to which O&R agreed to sell to Corning and Corning agreed to purchase from O&R all of the issued and outstanding shares of PCL&P, all as more particularly set forth in the SPA (capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the SPA; provided, however, that when reference is made in this Agreement to any Section or Exhibit, such reference is to a Section or Exhibit of this Agreement unless otherwise indicated); and

**WHEREAS**, from and after the Closing, O&R is willing to provide, or cause to be provided, the transitional gas supply and gas transportation requirements of PCL&P on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, O&R and PCL&P hereby agree as follows:

1. **Provision of Transitional Requirements; Term; Payment**

(a) O&R agrees to provide, or to cause its Affiliates and/or third-party contractors, subcontractors or other service providers or suppliers (collectively, the "Contractors") to provide, to PCL&P the supply of gas and gas transportation for PCL&P to serve its gas customers (the "Gas Supply and Transportation Service") for a period (the "Term") commencing on the Closing and ending on the date that is thirty-six (36) months after the Closing, subject to extending the Term in accordance with Section 1(b) and to earlier termination in accordance with Section 5.

(b) Within thirty (30) days after the first annual anniversary date of this Agreement, PCL&P may elect, by written notice to O&R, to extend the Term for an additional twelve (12) months. If PCL&P elects this first optional extension, PCL&P may then elect, within thirty (30) days after the second annual anniversary date of this Agreement, to extend the extended Term for an additional twelve (12) months. If PCL&P elects this second optional extension, PCL&P may then elect, within thirty (30) days after the third annual anniversary date of this Agreement, to extend the extended Term for an additional twelve (12) months.

(c) O&R shall provide, or shall cause its Affiliates and/or the Contractors to provide, the Gas Supply and Transportation Service pursuant to this Agreement in a manner consistent with, and with a level of care no less than, the manner and level of care with

which such Gas Supply and Transportation Service was previously provided by O&R, its Affiliates and/or the Contractors to PCL&P during the twelve (12) month period immediately prior to the Closing.

(d) The Parties acknowledge the transitional nature of O&R providing the Gas Supply and Transportation Service hereunder and agree to cooperate in good faith to effectuate a smooth transition to PCL&P of the Gas Supply and Transportation Service furnished hereunder; provided, however, that O&R, its Affiliates and the Contractors shall have no obligation to incur any expense, including, without limitation, in connection with constructing, installing, replacing, modifying operating, or maintaining any facilities or infrastructure, in connection with such transition (it being understood that this proviso does not affect O&R's obligations, during the Term, to operate and maintain O&R facilities or O&R infrastructure in a manner sufficient to provide the Gas Supply and Transportation Service pursuant to the terms and conditions hereof).

(e) PCL&P shall pay O&R an amount for the Gas Supply and Transportation Service that is calculated in accordance with the methodology set forth in the Exhibit A attached hereto. Each written invoice (each, an "Invoice") that O&R prepares with respect to the Gas Supply and Transportation Service provided during the Term shall specify the amount and price of the Gas Supply and Transportation Service and the period during which it was provided (it being understood and agreed that the "Supply Cost" portion, as described in Exhibit A attached hereto, of each Invoice shall be subject to subsequent invoices for additional amounts (or credits) reflecting subsequent true-ups from interstate pipeline providers and gas commodity providers relating to the period at issue). PCL&P shall pay each Invoice, by the method specified in the Invoice, no later than ten (10) days after PCL&P's receipt of the Invoice. All Invoices sent by O&R hereunder shall be sent to the following address:

Pike County Light & Power Company  
c/o Corning Natural Gas Holding Corporation  
330 West William Street  
Corning, New York 14830  
Attention: Michael I. German  
Fax: (607) 962-2844

## **2. Limitation of Liability; Release; Waiver; Indemnification; Insurance**

(a) To the fullest extent permitted by law, PCL&P hereby releases and discharges O&R, its Affiliates, the Contractors, and O&R's, its Affiliates' and the Contractors' respective directors, trustees, officers, employees, agents, successors, and assigns (collectively, the "O&R Protected Parties") from, waives against the O&R Protected Parties, and agrees to defend, indemnify and hold the O&R Protected Parties harmless from and against, any and all suits, actions, causes of action, claims, liabilities, losses, damages, costs, and expenses (including court costs and reasonable attorney's fees) arising from or relating to providing the Gas Supply and Transportation Service or any failure to provide or delay in providing the Gas Supply and Transportation Service, except to the extent that such suits, actions, causes of action, claims,

liabilities, losses, damages, costs and expenses arise from the willful misconduct of the O&R Protected Parties.

(b) Without limiting the provisions of Section 2(a) immediately above, to the fullest extent permitted by law, PCL&P hereby releases and discharges the O&R Protected Parties from, waives against the O&R Protected Parties, and agrees to defend, indemnify and hold the O&R Protected Parties harmless from and against, any and all suits, actions, causes of action, claims, and liabilities for (and court costs and reasonable attorney's fees in connection with) any and all special, indirect, incidental, consequential, and punitive damages, including but not limited to damage, loss, liability, costs, and expenses resulting from loss of use, loss of business or business opportunities, loss of profits or revenue, costs of capital, loss of goodwill, cost of purchased or replacement gas supply and transportation, and any like items of special, indirect, incidental, or consequential loss and damage, arising from or relating to providing the Gas Supply and Transportation Service or any failure to provide or delay in providing the Gas Supply and Transportation Service.

(c) Subject to the other limitation of liability provisions in this Agreement, in no event shall the cumulative liability of the O&R Protected Parties relating to or arising from providing any Gas Supply and Transportation Service exceed the payment received by O&R hereunder with respect to providing such Gas Supply and Transportation Service.

(d) PCL&P shall procure and maintain (or cause its parent Company, Corning Natural Gas Holding Corporation, to procure and maintain for the benefit of PCL&P) the following insurance during the Term and until any and all Gas Supply and Transportation Service has been fully and completely performed: Comprehensive (also called Commercial) General Liability Insurance, including Contractual Liability coverage, with limits of at least \$5,000,000 per occurrence for bodily injury or death and \$1,000,000 per occurrence for property damage or a combined single limit of at least \$5,000,000 (such insurance shall contain an "occurrence" and not a "claims made" determinant of coverage, shall name the O&R Protected Parties as additional insureds and contain a waiver of subrogation claims against the O&R Protected Parties, and shall not contain an exclusion for claims by PCL&P's or its contractor's or subcontractor's employees against the O&R Protected Parties or any of them based on injury to or the death of such employees). Such insurance may be satisfied through the combination of a primary or underlying policy and an excess policy and it is understood and agreed that, so long as PCL&P complies at all times with the minimum per occurrence amounts and other insurance requirements specified above in this Agreement, in Section 2(d) of the Electric Supply Agreement of even date herewith between O&R and PCL&P (the "Electric Agreement"), and in Section 2(d) of the of the Transition Services Agreement of even date herewith between O&R and PCL&P (the "Transition Services Agreement"), PCL&P need not procure and maintain (or cause its parent Company, Corning Natural Gas Holding Corporation, to procure and maintain for the benefit of PCL&P) (i) separate insurance policies for each of this Agreement, the Electric Agreement, and the Transition Services Agreement or (ii) insurance policies with per occurrence limits that equal or exceed the sum of (A) the minimum per occurrence amounts specified above in this Agreement, *plus* (B) the minimum per occurrence amounts specified in Section 2(d) of the Electric Agreement and/or (C) the minimum per occurrence amounts specified in Section 2(d) of the Transition Services Agreement.

### 3. Confidentiality

Each Party hereby acknowledges that the terms of this Agreement (the "Information") are confidential. Each Party agrees to, and shall cause its agents, representatives, Affiliates, employees, officers, directors and trustees to: (i) treat and hold as confidential (and not disclose or provide access to any Person to) the Information, (ii) in the event that a Party or any of its agents, representatives, Affiliates, employees, officers, directors or trustees becomes legally required to disclose any of the Information, provide such other Party (the "Non-Compelled Party") with prompt written notice of such requirement so that the Non-Compelled Party may seek a protective order or other remedy or waive compliance with this Section 3, and (iii) in the event that such protective order or other remedy is not sought or obtained, or the Non-Compelled Party waives compliance with this Section 3, furnish only those portions of the Information which are legally required to be provided and exercise commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such Information. This Section 3 shall not apply to Information that, at the time of disclosure, is available publicly and was not disclosed in breach of this Agreement.

### 4. Security for PCL&P's Performance

(a) Simultaneously with the execution of this Agreement, PCL&P, as security for PCL&P's performance of its obligations hereunder (including, but not limited to PCL&P's obligations pursuant to Section 1(e) and Section 2), shall furnish cash security (the "Cash Security") or cause a letter of credit (such letter of credit, as amended or replaced from time to time by a "Substitute PCL&P LC" (as defined below), the "PCL&P L/C") to be furnished to O&R in the amount of \$373,330 (the "Initial Amount"); provided, however, that following PCL&P's receipt of the first Invoice and thereafter following PCL&P's receipt of each subsequent Invoice pursuant to Section 1(e), the Initial Amount shall be subject to increase or decrease in accordance with this Section 4(a) and Section 4(b). During the period from the execution of this Agreement to immediately before the first such increase or decrease, PCL&P shall cause the amount of the Cash Security or the PCL&P L/C, as applicable, that remains available for drawing upon by O&R to be in an amount equal to the Initial Amount and during the period from the first such increase or decrease to the "Permitted Expiry" (as defined below), PCL&P, subject to exercising its right pursuant to the first proviso in Section 4(e), shall cause the amount of the Cash Security or the PCL&P L/C, as applicable, that remains available for drawing upon by O&R to be in an amount that is not less than twice the amount of the most recent Invoice sent by O&R to PCL&P pursuant to Section 1(e) (the Initial Amount, subject to such increase or decrease, the "Required Amount"). To the extent that PCL&P fails to timely perform its obligations hereunder, O&R, in addition to and not in lieu of any other rights and remedies available to it, including termination of this Agreement pursuant to Section 5, may draw upon the Cash Security or PCL&P L/C, as applicable, to satisfy, in whole or in part, such obligations.

(b) Increases (*i.e.*, because the Required Amount has increased or the Cash Security previously has been drawn upon by O&R) in the amount of the Cash Security

remaining for drawing upon by O&R that are necessary to satisfy the then applicable Required Amount shall be made by PCL&P furnishing the applicable amount of cash to O&R within five (5) Business Days after (i) PCL&P's receipt of the Invoice pursuant to Section 1(e) that results in an increase in the Required Amount (in cases where the Required Amount increases due to such Invoice), or (ii) PCL&P's receipt of written notice from O&R that O&R has drawn on the Cash Security and the amount of the Cash Security remaining for drawing upon by O&R is less than the then applicable Required Amount (in cases where O&R previously has drawn upon the Cash Security). Decreases (*i.e.*, because the Required Amount has decreased) in the amount of the Cash Security remaining for drawing upon by O&R to a level equal to the then applicable Required Amount shall be made by O&R returning the applicable amount of cash to PCL&P within five (5) Business Days after O&R's receipt of PCL&P's written request to return the amount of Cash Security that is in excess of the then applicable Required Amount. Cash furnished to O&R or PCL&P shall be by wire transfer to an account specified by the party that is to receive the cash. Increases (*i.e.*, because the Required Amount has increased or the PCL&P L/C previously has been drawn upon by O&R) in the amount of the PCL&P L/C remaining for drawing upon by O&R that are necessary to satisfy the then applicable Required Amount shall be made by PCL&P furnishing to O&R a Substitute PCL&P L/C within five (5) Business Days after (i) PCL&P's receipt of the Invoice pursuant to Section 1(e) that results in an increase in the Required Amount (in cases where the Required Amount increases due to such Invoice), or (ii) PCL&P's receipt of written notice from O&R that O&R has drawn upon the PCL&P L/C and the amount of the PCL&P L/C remaining for drawing upon is less than the then applicable Required Amount (in cases where O&R previously has drawn upon the PCL&P L/C). Decreases (*i.e.*, because the Required Amount has decreased) in the amount of the PCL&P L/C remaining for drawing upon by O&R to a level equal to the then applicable Required Level shall be made by PCL&P furnishing to O&R a Substitute PCL&P L/C that accomplishes such decrease and O&R countersigning such Substitute PCL&P L/C.

(c) If at any time prior to the Permitted Expiry, (i) the PCL&P L/C has an expiration date that is earlier than the Permitted Expiry, PCL&P shall cause to be provided to O&R, at least twenty (20) Business Days prior to the expiration date of the PCL&P L/C, a Substitute PCL&P L/C containing an expiration date that is at least ninety (90) days later than the expiration date of the PCL&P L/C that it is amending or replacing, or (ii) the credit rating of the bank issuing the PCL&P L/C falls below the level specified in the "L/C Requirements" (as defined below) or such bank repudiates its obligations under, or fails to honor or pay against, the PCL&P L/C, PCL&P, within five (5) Business Days after receipt of written notice from O&R requesting a Substitute L/C, shall cause to be furnished to O&R a Substitute PCL&P L/C, issued by different bank, that replaces such PCL&P L/C. Promptly following O&R's receipt of a Substitute PCL&P L/C that replaces (as distinguished from one that amends) a PCL&P L/C, O&R shall return to PCL&P the PCL&P L/C that has been replaced.

(d) Should PCL&P fail to cause a Substitute PCL&P L/C to be furnished to O&R within the time specified in, and as otherwise required by, this Agreement, including under circumstances where (a) the credit rating of the bank issuing the PCL&P L/C that is to be replaced by the Substitute PCL&P L/C falls below the level specified in the L/C Requirements, (b) the bank issuing the PCL&P L/C that is to be replaced by the Substitute PCL&P L/C repudiates its obligations under, or fails to honor or pay against, the PCL&P L/C,

(c) the expiration date of the PCL&P L/C to be extended by the Substitute PCL&P L/C is required to be extended, or (d) the amount of the PCL&P L/C remaining available to O&R for drawing upon is required to be increased by the Substitute PCL&P L/C, then O&R, in addition to and not in lieu of any other rights and remedies available to it, including termination of this Agreement, shall be entitled to draw upon the entire remaining amount of the PCL&P L/C. The parties agree that, for purposes of O&R making such a drawing, O&R may make any certification or statement required to be submitted in order to effectuate such drawing, including that the amount of the drawing is owed to O&R pursuant to this Agreement. Should O&R exercise its rights under this Section 4(d) to draw down the entire remaining amount of the PCL&P L/C, the cash obtained as a result of such drawing shall be deemed to be the Cash Security (the amount of which is subject to increase or decrease in accordance with this Agreement), with O&R having the right to draw upon such Cash Security as otherwise permitted by this Agreement with respect to the Cash Security.

(e) At all times during the period from the execution of this Agreement to the Permitted Expiry, any PCL&P L/C (which includes any Substitute PCL&P L/C) that PCL&P utilizes to satisfy the then applicable Required Amount must satisfy the L/C Requirements. To the fullest extent permitted by applicable law, (i) O&R shall not be required to keep any Cash Security in a separate account, but rather, shall be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit in any way it sees fit free from any claim or right of any nature whatsoever, including any right of redemption, and (ii) any interest, return on investment, or other result of O&R's use, investment, commingling, assignment, sale or pledge of such Cash Security shall be the sole property of O&R and shall not be furnished to PCL&P at any time; provided, however, that, assuming the Cash Security is then in the Required Amount and PCL&P is not then in breach of this Agreement, PCL&P shall be entitled to apply the Cash Security to payment in whole or in part of the final Invoice received by PCL&P pursuant to Section 1(e) of this Agreement and, provided, further, that promptly following the occurrence of the Permitted Expiry O&R shall return to PCL&P any balance of the Cash Security then remaining.

(f) As used in this Agreement: "L/C Requirements" means an irrevocable, transferable, standby letter of credit issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, has counters for presentment and payment located in the City of New York and a credit rating (i.e., the rating then assigned to such entity's unsecured, senior long-term debt obligations not supported by third party credit enhancements, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating) of at least (i) "A-" by Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor ("S&P") and "A3" by Moody's Investor Services, Inc. or its successor ("Moody's"), if such entity is rated by both S&P and Moody's or (ii) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's, but not both, and which letter of credit is in a form reasonably acceptable to O&R, including, but not limited to, drawings being permitted solely upon a statement from O&R that the amount of the drawing is owed to O&R pursuant to this Agreement; "Permitted Expiry" means the date that is six (6) months after the end of the Term referenced in Section 1(a) as such Term may be extended in accordance with Section 1(b) or earlier terminated in accordance with Section 5, provided, however, that if, as of such date, there are then outstanding, or in O&R's

good faith judgment reasonable grounds then exist for any future, suits, actions, causes of action, claims, liabilities, losses, damages, costs, and expenses that are, or reasonably would be, the subject of PCL&P's defense, indemnification and hold harmless obligations pursuant to Section 2 then Permitted Expiry shall mean the later date on which such suits, actions, causes of action, claims, liabilities, losses, damages, costs, and expenses are fully and finally resolved and PCL&P's obligations pursuant to Section 2 with respect thereto are fully and finally performed; and "Substitute PCL&P L/C" means an amendment to, or a replacement of, the PCL&P L/C or a prior Substitute PCL&P L/, as applicable.

**5. Termination**

Notwithstanding anything to the contrary in this Agreement, either Party may terminate this Agreement thirty (30) days following written notice to the other Party of a material breach of this Agreement by such other Party that is not cured within such thirty (30) day period; provided, however, that O&R may terminate this Agreement upon at least five (5) days following written notice by O&R to PCL&P of its failure to make payment pursuant to Section 1(e) and PCL&P not curing such breach within five (5) days following receipt of such notice and O&R may terminate this Agreement immediately upon written notice to PCL&P of its failure to timely perform its obligations pursuant to Section 4.

**6. Effective Time**

This Agreement shall be effective upon the commencement of the Term.

**7. Right to Audit**

For a period of twelve (12) months after PCL&P receives an Invoice from O&R for providing the Gas Supply and Transportation, PCL&P or a nationally recognized accounting firm retained by PCL&P that is reasonably acceptable to O&R shall be provided, following O&R's receipt of reasonable advance written notice from PCL&P, reasonable access to and the right to audit (at PCL&P's cost and expense) during normal business hours, O&R's books and records principally relating to the provision of the Gas Supply and Transportation Service for which such Invoice was submitted; provided, however, that any such access and audit shall be subject to Section 3.

**8. Notices**

All notices, requests, demands, claims and other communications (including Invoices) hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by fax or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8):

if to O&R:

Orange and Rockland Utilities, Inc.  
390 West Route 59  
Spring Valley, NY 10977  
Attention: Francis Peverly  
Fax: (845) 577-3074

if to PCL&P:

Pike County Light & Power Company  
c/o Corning Natural Gas Holding Corporation  
330 West William Street  
Corning, New York 14830  
Attention: Michael I. German  
Fax: (607) 962-2844

**9. Independent Contractor**

In providing the Gas Supply and Transportation Service, O&R shall be an independent contractor, and not an agent, of PCL&P or its Affiliates and the employees of O&R, its Affiliates or the Contractors who assist or have a role in O&R providing the Gas Supply and Transportation Service shall not be considered employees, agents or contractors of PCL&P or its Affiliates.

**10. Assignment**

Neither this Agreement nor the rights or obligations of either Party hereunder may be assigned or delegated in whole or in part by either Party without the prior written consent of the other Party; provided, however, that O&R may assign its rights and delegate its obligations under this Agreement in whole or in part to any Affiliate of O&R that, in O&R's judgment, has the resources, capabilities and personnel necessary to fulfill O&R's obligations under this Agreement without the consent of PCL&P.

**11. No Third Party Beneficiaries**

This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their successors and permitted assigns and, except for the protections and benefits extended to O&R Protected Parties pursuant to Section 2, nothing herein, express or implied, is intended to or shall confer upon any other Person, including, without limitation, any union or any employee or Contractor or former employee or Contractor of O&R or its Affiliates, any legal or equitable right, benefit or remedy of any nature whatsoever, including, without limitation, any rights of employment for any specified period, under or by reason of this Agreement.

**12. Entire Agreement**



This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, oral or written, between the Parties with respect to the subject matter hereof.

**13. Amendment**

This Agreement, including the Exhibits, may not be amended or modified except by a written instrument signed by or on behalf of each of O&R and PCL&P.

**14. Administration**

Each of O&R and PCL&P shall appoint one representative as its primary point of operational contact for the administration and operation of this Agreement (the "Contact Managers"). The Contact Managers will have overall responsibility for coordinating, on behalf of O&R or PCL&P, as applicable, actions taken with respect to providing the Gas Supply and Transportation Service, including handling any disputes that may arise in connection therewith.

**15. Waiver**

Either Party to this Agreement may waive compliance with any of the obligations of the other Party hereunder; provided, however, that (i) any such waiver shall be valid only if set forth in an instrument in writing and signed by the Party granting the waiver, (ii) any waiver of any provision of this Agreement shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same provision, or a waiver of any other provision of this Agreement. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

**16. Severability**

If any provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

**17. Counterparts**

This Agreement may be executed in one or more counterparts, and by the different Parties hereto 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.

**18. Specific Performance**

The Parties hereto acknowledge and agree that remedies at law would be an inadequate remedy for the breach of any provision contained herein and that in addition thereto, the Parties hereto shall be entitled to specific performance of the provisions hereof or other equitable remedies in the event of any such breach.

**19. Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that State, without giving effect to any conflict or choice of law provision or principle that would result in the application of another state's laws.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**ORANGE AND ROCKLAND UTILITIES, INC**

By: \_\_\_\_\_  
Name:  
Title:

**PIKE COUNTY LIGHT & POWER COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A  
TO  
GAS SUPPLY AND GAS TRANSPORTATION AGREEMENT

The price that O&R shall charge PCL&P for the Gas Supply and Transportation provided pursuant to this Agreement shall be calculated on a monthly basis and be comprised of the sum of the following three components:

(i) **Supply Cost** – PCL&P’s allocated portion [*i.e.*, usage of PCL&P’s gas customers ÷ sum of usage of O&R’s gas customers and PCL&P’s gas customers] of the cost of (a) interstate pipeline demand charges to O&R and/or its Affiliates based on weighted average cost of O&R’s/its Affiliate’s portfolio of interstate pipeline providers, and (b) monthly gas commodity charges for gas delivered to O&R/its Affiliates for the applicable month, each of which shall be subject to subsequent interstate pipeline provider and gas commodity provider true-ups. The usage of PCL&P’s gas customers will be measured by metering at an O&R metering and regulation station located in Port Jervis; and

(ii) **Carrying Cost** – To reflect O&R’s cost of maintaining and operating the physical infrastructure of O&R required to deliver gas to PCL&P, the monthly carrying cost component that shall be charged to PCL&P is as follows:

\$15,250 per month for each month of the first twelve months of the Term

\$16,013 per month for each month of the second twelve months of the Term

\$16,814 per month for each month of the third twelve months of the Term

\$17,655 per month for each month of the fourth twelve months of the Term if PCL&P so extends the Term in accordance with this Agreement

\$18,538 per month for each month of the fifth twelve months of the Term if PCL&P so extends the Term in accordance with this Agreement

\$19,465 per month for each month of the sixth twelve months of the Term if PCL&P so extends the Term in accordance with this Agreement; and

(iii) **Service Fee** – The monthly service fee component that shall be charged to PCL&P is as follows:

\$2,250 per month for each month of the first twelve months of the Term

\$2,363 per month for each month of the second twelve months of the Term

\$2,481 per month for each month of the third twelve months of the Term

\$2,606 per month for each month of the fourth twelve months of the Term if PCL&P so extends the Term in accordance with this Agreement

\$2,737 per month for each month of the fifth twelve months of the Term if PCL&P so extends the Term in accordance with this Agreement

\$2,874 per month for each month of the sixth twelve months of the Term if PCL&P so extends the Term in accordance with this Agreement.