

## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Yates County Industrial Development Agency (the "Agency") at the following places and times:

(i) on Friday, March 16, 2007, at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;

(ii) on Friday, March 16, 2007, at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441;

(iii) on Friday, March 16, 2007, at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527;

(iv) on Friday, March 16, 2007, at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and

(v) on Friday, March 16, 2007, at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; each in connection with the following matter:

**EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC.** (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment" and, collectively with the Land and the Improvements, the "Facility"); all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (1) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(15) of New York General Municipal Law, pursuant to which the Agency shall take and hold title to the Land (or an interest therein), the Existing Improvements, Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (ii) an exemption from New York State and local sales and use taxes with respect to qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, renovation or equipping of the Facility, (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure

the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof), and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: February 14, 2007

YATES COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: Executive Director