

A G R E E M E N T

Between

NIAGARA MOHAWK POWER CORPORATION

and

HUDSON RIVER REGULATING DISTRICT

Dated: December 28th, 1971

Readjustment - Contract dated November 14th, 1927
as amended by Agreement dated
January 5th, 1939, and as amended by
Agreement dated September 21st, 1949.

THIS AGREEMENT, made this 28th day of December, 1971, between NIAGARA MOHAWK POWER CORPORATION, a corporation created, organized and existing under the laws of the State of New York, with a principal place of business at 300 Erie Boulevard West, Syracuse, Onondaga County, New York, party of the first part and hereinafter referred to as the COMPANY, and the HUDSON RIVER-BLACK RIVER REGULATING DISTRICT, created, organized and existing pursuant to Part IX of Article V, Section 598 et seq., of the Conservation Law of the State of New York, party of the second part and hereinafter referred to as the DISTRICT.

W I T N E S S E T H :

WHEREAS, on November 14, 1927, the New York Power and Light Corporation, the COMPANY's predecessor in interest, entered into an Agreement with the Hudson River Regulating District, the DISTRICT's predecessor in interest, a copy of which is hereto annexed for reference thereto herein and which is hereinafter called the Original Agreement; and

WHEREAS, on January 5, 1939, New York Power and Light Corporation and the Hudson River Regulating District entered into an Agreement, hereinafter referred to as the First Amendatory Agreement, modifying and amending the Original Agreement, a copy of which First Amendatory Agreement is annexed hereto for reference thereto herein; and

WHEREAS, on September 21, 1949, New York Power and Light Corporation and the Hudson River Regulating District entered into an Agreement, hereinafter referred to as the Second Amendatory Agreement, modifying and amending the First Amendatory Agreement, a copy of which

Second Amendatory Agreement is annexed hereto for reference thereto herein; and

WHEREAS, negotiations have been and continue to be conducted between the COMPANY and the DISTRICT concerning the terms of the aforementioned Agreements between the predecessors in interest of the COMPANY and the DISTRICT with a view towards entering into a new long-term agreement; and

WHEREAS, the parties deem it advisable, pending the negotiation of a new long-term agreement, to amend the aforementioned Second Amendatory Agreement with respect to the annual water charge payments by the COMPANY to the DISTRICT,

WHEREAS, on the 16th day of December 1971, the Board of the said DISTRICT authorized the President of the DISTRICT to execute this agreement,

NOW, THEREFORE, the COMPANY and the DISTRICT mutually covenant and agree that Paragraph D on Page 2 of the Second Amendatory Agreement be, and the same hereby is, amended to read as follows:

"D. That the COMPANY will pay to the District for the purposes of subdivisions (a) and (b) contained in Paragraph 2 on Page 2 of said Original Agreement, under the caption 'Power Company Agrees', the sum of ONE HUNDRED TWENTY THOUSAND (\$120,000) DOLLARS for the calendar year 1972; the sum of ONE HUNDRED THIRTY THOUSAND (\$130,000) DOLLARS for the calendar year 1973; the sum of ONE HUNDRED FORTY THOUSAND (\$140,000) DOLLARS for the calendar year 1974; and the sum of ONE HUNDRED FIFTY THOUSAND (\$150,000) DOLLARS for the calendar year 1975

and each succeeding year for the duration of this Agreement, or until such amount may be readjusted as provided in Paragraph E herein, or reversion is had to said Original Agreement as provided in Paragraph G herein, provided, however, that no readjustment of the aforementioned payment figures may occur pursuant to Paragraphs E or G herein prior to calendar year 1976; which said sums of \$120,000, \$130,000, \$140,000, and \$150,000 shall be paid and payable in equal monthly installments (each installment equal in amount to 1/12 of the annual payment), each of which monthly installments shall be paid on or before the 15th day of the months succeeding that for which said installment is due; that the aforementioned annual sums shall not be reduced by any credits or allowances of any name, kind, character or description whatsoever."

This agreement shall take effect on January 1, 1972 and shall continue in force and effect for the term set forth in Paragraph 14 on Page 6 of said Original Agreement, subject, however, to the provisions of Paragraph E and Paragraph G respectively of the First Amendatory Agreement, provided, however, that no change in the annual payments specified in Paragraph "D" may be effected prior to calendar year 1976.

IN WITNESS WHEREOF, the parties hereto have caused their respective seals to be hereunto affixed and this Agreement to be signed in duplicate by their respective officers thereunto duly authorized,

the day and year first above written.

NIAGARA MOHAWK POWER CORPORATION

By: *[Signature]*
Vice President *JHC*

Attest:

[Signature]

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

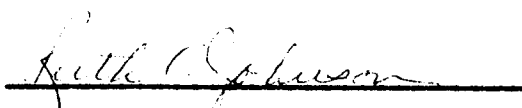
By: *[Signature]*

Attest:

[Signature]

STATE OF NEW YORK :
 : ss.:
County of Albany :

On this *25th* day of *December*, 19 , before me came William J. Donlon to me known, who being by me duly sworn, did depose and say that he resides at 41 Bower Court, Delmar, New York; that he is a Vice President of NIAGARA MOHAWK POWER CORPORATION, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that the same was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.



RUTH C. JOHNSON
Notary Public, State of New York
Qualified in Albany County,
Commission Expires March 30, 19*72*

