BEFORE THE NEW YORK STATE PUBLIC SERVICE COMMISSION

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Petition of Consolidated Edison Company of New York, Inc., :
New York Transco, LLC, and Orange and Rockland Utilities, :
Inc., for Authority Under Section 70 of the Public Service Law :
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JOINT PETITION OF

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. AND NEW YORK TRANSCO LLC

AND

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. AND ORANGE AND ROCKLAND UTILITIES, INC.

FOR AUTHORIZATION PURSUANT TO SECTION 70 OF THE PUBLIC SERVICE LAW

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I. OVERVIEW, EXECUTIVE SUMMARY, AND REQUEST FOR RELIEF

Pursuant to Section 70 of the New York Public Service Law ("PSL") Consolidated Edison Company of New York, Inc. ("Con Edison"), New York Transco, LLC ("NY Transco"),[1] and Orange and Rockland Utilities, Inc. ("O&R," and collectively, "Applicants") hereby request New York Public Service Commission ("Commission") authorization for the sale and/or lease, as applicable, of assets by Con Edison to NY Transco (the "Transactions").[2] The assets to be transferred or leased include certain transmission facilities, intangible plant, real property,

[1] NY Transco has also filed for Commission approval a Petition for Lightened Regulation and, if necessary, approval for the Transco to operate as a utility pursuant to Section 68 of the PSL.

[2] The Applicants also request that the Commission authorize the transfer of certain equipment to O&R in connection with these projects, as discussed herein.

easements, and rights-of-way (the "Transaction Assets"), in connection with the Ramapo to Rock Tavern ("RRT") and Staten Island Unbottling ("SIU") transmission projects in New York State (the "Projects"). The Projects, when combined with New York State Electric & Gas' ("NYSEG") Fraser to Coopers Corner Re-conductoring project[3] constitute the Transmission Owner Transmission Solutions (the "TOTS Projects"), which were approved by the Commission in *Case 12-E-0503, Proceeding on Motion to Review Generation Retirement Contingency Plans*, "Order Accepting IPEC Reliability Contingency Plans, Establishing Cost Allocation and Recovery, and Denying Requests for Rehearing," issued November 4, 2013 (the "November 4th IP Order"). The Projects are described in more detail below.[4]

The Transactions include certain new transmission equipment that will become part of the Projects, but may not be fully in service at the time of closing on the Transactions, including construction work in progress ("CWIP") expenditures recorded by Con Edison in connection with the Projects, Accounts for Funds Used During Construction ("AFUDC"), applicable overheads as well as any unamortized regulatory assets (plus interest) as recognized by the Federal Energy Regulatory Commission ("FERC") and not included in CWIP and associated materials and supplies. The Projects are being constructed by Con Edison with costs being segregated in anticipation of the Transactions. Consistent with the Commission's November 4th IP Order, the Transaction Assets will become assets of the NY Transco, and costs related to these

[3] Fraser to Coopers Corner is NYSEG's half of the joint Marcy South Series Compensation Fraser to Coopers Corner Re-conductoring project between NYSEG and the New York Power Authority ("NYPA"). The NYPA part of the project is not part of the NY Transco and is not part of this filing.

[4] FERC has determined that, because the transmission facilities to be transferred to NY Transco will not be in service at the time of closing, the transfer is not subject to FERC's jurisdiction under Section 203 of the Federal Power Act ("FPA"). New York Transco, et.al., *Order Dismissing Application,*151 FERC ¶ 61005 (April 2, 2015); *Order Denying Rehearing*, 153 FERC ¶ 61259 (December 1, 2015). As discussed herein, in addition to the fact that the facilities are not in service, the Transaction Assets have not been included in Con Edison's rate base and, therefore, have not been charged to utility customers. For this reason, the Applicants maintain that, with the exception of the lease interest of the real property, the transfer of the Transaction Assets is outside the scope of the Commission's PSL Section 70 jurisdiction. However, should the Commission determine that PSL Section 70 is applicable to the entire transfer, the Applicants are providing a complete record of the Transactions.

assets will not be reflected in rates established for Con Edison electric customers by the Commission. Rather, the cost of the Transaction Assets will be recovered from participants, including Con Edison, in the wholesale electricity market under rates that will be put in place by the New York Independent System Operator ("NYISO") under its FERC-approved Open Access Transmission Tariff ("OATT"). The details of the RRT transaction are set forth in the Asset Purchase Agreement by and between Consolidated Edison Company of New York, Inc. and New York NY Transco, LLC ("RRT Sale Agreement"), which is attached as Exhibit A, and the Lease Agreement by and between Consolidated Edison Company of New York, Inc. and New York NY Transco, LLC (the "RRT Lease"), which is attached as Exhibit B. The details of the SIU transaction are set forth in the Asset Purchase Agreement by and between Consolidated Edison Company of New York, Inc. and NY Transco, LLC ("SIU Sale Agreement"), which is attached as Exhibit C. All three of these agreements are described below.

As shown herein, the transfer of the RRT and SIU projects from Con Edison to NY Transco is in the public interest and should be approved by the Commission for the following reasons:

1. Consistent with the Commission's November 4th IP Order, Con Edison is developing the RRT and SIU projects, which are expected to be in service by June 2016. Also consistent with the November 4th IP Order, the rate to recover the costs of these Projects is a NY Transco rate, currently pending Settlement Agreement before FERC.[5] In order for Con Edison to recover the costs to develop RRT and SIU projects and for NYISO, on behalf of the NY Transco, to charge wholesale market participants for the costs of these projects pursuant to its tariff and the terms of the Settlement Agreement, the RRT and SIU projects need to be transferred from Con

[5] See Offer of Partial Settlement, Docket No. ER15-572-000-000 (Nov. 5, 2015).

Edison to NY Transco. Moreover, since these Projects are scheduled to go into service by June 2016, Commission approval of this Joint Petition at its April session is critical so that there is sufficient time to close the Transactions and transfer the assets to the NY Transco prior to the assets being fully in service. This will enable the NYISO to start billing wholesale market participants in the NYISO control area, on behalf of NY Transco, when the Projects are fully energized.

2. The Projects were approved by the Commission in a state-wide competitive process as part of a plan to prepare the State for the potential retirement of the Indian Point Energy Center ("IPEC"). In approving the Projects the Commission recognized that the Projects provide significant state-wide benefits regardless of whether IPEC remains in service.

3. As recognized by the Commission in its November 4th IP Order, the benefits of the Projects accrue throughout the State. A NY Transco transmission rate that is billed and administered by the NYISO is the best and most efficient way to allocate the costs of transmission projects with state-wide benefits. As such, the costs of the Projects will be recovered from wholesale market participants according to a FERC-approved rate that will be administered by the NYISO subject to the rates and cost allocation settlement ("Settlement Agreement") that was agreed to by this Commission and is pending before FERC.[6] Given the considerable benefits of the Projects throughout the State, the Transactions allow the allocation of cost responsibility as contemplated in the Settlement Agreement. Additionally, the Transactions will not have any anti-competitive impacts.

[6] *Id.*

Accordingly, for the reasons set forth herein, the Applicants respectfully request that the Commission approve this Section 70 Application by April 2016.

II. DESCRIPTION OF THE PARTIES

A. Consolidated Edison Company of New York, Inc.

Con Edison is an electric, gas and steam corporation organized under the laws of the State of New York, including the Transportation Corporations Law, and has its principal place of business at 4 Irving Place, New York, New York 10003. Con Edison is a subsidiary of Consolidated Edison, Inc. ("CEI"). Con Edison supplies electric service in all of New York City (except part of Queens) and in most of Westchester County; gas service in Manhattan, the Bronx and parts of Queens and Westchester Counties; and steam service in part of Manhattan. Con Edison participates in the NYISO's governance process as a transmission owner.

B. New York NY Transco, LLC

NY Transco is a New York State Limited Liability Company jointly owned by the following affiliates of the New York transmission owners: Consolidated Edison Transmission, LLC; Grid NY LLC; Iberdrola USA Networks New York NY Transco, LLC; and Central Hudson Electric Transmission, LLC. NY Transco's sole business is to plan, develop, construct and own major new high voltage electric transmission projects in New York State, and to operate and maintain those projects under the functional and operational control of the NYISO. NY Transco participates in the NYISO's governance process as a non-voting entity.

NY Transco has filed a formula transmission rate with FERC which FERC has accepted for filing, subject to a settlement process on certain issues related to the TOTS Projects. A Settlement Agreement has been reached with participating parties to resolve all outstanding issues associated with the TOTS Projects. The Settlement Agreement is currently pending

before the FERC in Docket No. ER15-572-000.[7] The following parties are signatories to the Settlement Agreement: the Applicants, Niagara Mohawk Power Corporation d/b/a National Grid, NYSEG/Rochester Gas and Electric Corporation ("RG&E"), Central Hudson Gas and Electric Corporation, NYPA, Power Supply Long Island, the Commission, New York State Department of State Utility Intervention Unit, The City of New York, New York Association of Public Power, Municipal Electric Utilities Association of New York, and Multiple Intervenors. NY Transco is an electric utility under the provisions of the FPA.

C. Orange and Rockland Utilities, Inc.

O&R is an electric and gas corporation organized under the laws of the State of New York, including the Transportation Corporations Law, with its principal place of business in New York, New York. O&R is also a subsidiary of CEI. O&R supplies electric and gas service in Orange and Rockland Counties. O&R participates in the NYISO's governance process as a non-voting transmission owner.

III. DISCUSSION OF THE PROJECTS

A. Brief History of the Indian Point Proceeding

The Commission commenced the Indian Point Proceeding in November 2012 when it issued an order directing the development of utility plans to address the reliability concerns that may arise from the retirement of electric generating facilities, in particular the reliability needs which could occur if the IPEC were retired upon the expiration of IPEC's existing licenses.[8] The November 2012 Order directed Con Edison, as the transmission owner most directly affected by the closure of the IPEC, to develop such a plan in consultation with NYPA, Department of

[7] *Id.*

[8] *Case 12-E-0503, Proceeding on Motion to Review Generation Retirement Contingency Plans*, "Order Instituting Proceeding and Soliciting Indian Point Contingency Plan," issued November 30, 2012.

Public Service Staff ("DPS Staff"), and other appropriate agencies. On February 1, 2013, Con Edison and NYPA jointly submitted a filing in response to the November 2012 Order proposing an IPEC Reliability Contingency Plan whereby Con Edison, NYSEG and NYPA would pursue the initial development of three Transmission Owner Transmission Solutions, the TOTS Projects, while concurrently soliciting generation and transmission proposals through a Request for Proposals ("RFP") to be issued by NYPA. A June 2016 in-service date was identified for the TOTS Projects to meet the reliability need, which was consistent with the analysis performed by the NYISO as part of the 2012 Reliability Needs Assessment.

On April 19, 2013, the Commission approved, subject to conditions, Con Edison's, NYSEG's and NYPA's preliminary planning related to the three TOTS Projects.[9] In its November 4th IP Order, the Commission issued an order accepting a portfolio for inclusion in the IPEC Reliability Contingency Plan consisting of: (1) the three TOTS Projects; and (2) the development of approximately 125 MW of energy efficiency ("EE"), demand response ("DR"), and combined heat and power ("CHP") resources.[10] Two of the three TOTS Projects are being developed by Con Edison. They are: (1) Con Edison's RRT 345 kV Line, and (2) Con Edison's SIU project, while the third project, Fraser to Coopers Corner, is being developed by NYSEG. Pursuant to the November 4th IP Order, Con Edison is currently developing its TOTS Projects and is on target to have the projects completed and in service by June 2016. Also, as provided for in the November 4th IP Order, the cost of the TOTS Projects will be collected by the NYISO through a FERC-approved wholesale transmission rate.

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[9] *Case 12-E-0503, Proceeding on Motion to Review Generation Retirement Contingency Plans*, "Order Upon Review of Plan to Advance Transmission, Energy Efficiency, and Demand Response Projects," issued April 19, 2013.

[10] *See* November 4th IP Order, pp. 7, 10, 30.

The Projects were selected by the Commission through a competitive solicitation process to address reliability needs associated with the potential retirement of the IPEC.[11] The Projects also enhance reliability, reduce congestion on the bulk power system that imposes significant costs on New York consumers, and provide direct and indirect economic and environmental benefits across the State. As described below, the Transactions will provide significant public benefits and will not harm ratepayers. Accordingly, the Transactions are consistent with the public interest and the Commission should grant the requested authorizations pursuant to Section 70 of the PSL.

B. Description of the Projects

1. Ramapo to Rock Tavern 345 kV line

The RRT project will add a second 345-kV transmission line from the Con Edison Ramapo 345-kV Substation to Central Hudson's Rock Tavern 345-kV Substation. To accomplish this, 11.8 miles of overhead 345-kV transmission line will be installed between the existing 138kV Feeder 28 line, owned by O&R, and the Rock Tavern Substation using the existing double circuit towers. The 138 kV Feeder 28 line, which runs between Ramapo Substation and O&R's Sugarloaf 138-kV Substation, will be converted from its current operating voltage of 138 kV to 345 kV. A new 345-kV/138-kV step-down transformer and associated 345-kV switching equipment and ancillary facilities will be installed in the vicinity of the existing 138-kV Sugarloaf Substation, establishing a new 345kV Sugarloaf Substation. The RRT project will increase import capability into southeastern New York, including New York City, during normal and emergency conditions. The RRT project will be physically located in Orange and Rockland Counties in New York State along the existing right-of-way of Con Edison's 345-kV line 77. The transmission terminals are located in NYISO Zone G.

[11] *See generally* November 4th IP Order.

The RRT project received its Article VII Certificate from the Commission on January 25, 1972, received its Environmental Management and Construction Plan ("EM&CP") approval from the Commission on October 27, 2014, and is expected to be in service by June 2016. [12] The RRT project will be under the functional and operational control of NYISO after it is placed in service. A system impact study for this project was completed and approved by the NYISO Operating Committee on August 16, 2012.

The RRT Project was originally estimated to cost approximately $123 million. As of the date of this Agreement, the Project is estimated to cost approximately $102 million, excluding the value of the RRT Project's Lease. Actual RRT Project costs incurred as of the closing may be higher or lower than the current working estimate. As such, this Section 70 application is seeking approval of the transfer based on the actual RRT Project costs incurred at the time of transfer, which may be higher or lower than the current working estimate.

2. Staten Island Unbottling

The Staten Island Unbottling project is comprised of two parts. The first part, called the feeder-split project, is currently underway and will separate a common pipe double leg feeder (called Feeder G23 L&M) into two separate feeders with independent positions at the Goethals 345kV Substation in Staten Island and Linden 345kV Substation in New Jersey. The two legs occupy a common pipe at both terminal ends but are in separate pipes for most of their lengths. The project will fully split the two legs and includes the replacement of the trifurcating joints and installing approximately 350 feet of 345kV cable at Linden and 500 feet of 345kV cable at

[12] *Case 13-T-0586, Petition of Consolidated Edison Company of New York, Inc. for Approval of Environmental Management and Construction Plan for Sugarloaf to Rock Tavern Segment of Second Ramapo to Rock Tavern 345 kV Transmission Line (Feeder 76)* (Formerly Cases 25845 and 25741), "Order Approving Environmental Management & Construction Plan Segment II" (October 27, 2014).

Goethals. In addition, new bus bays and new 345kV circuit breakers, associated relay enclosures, panels and ancillary equipment are required at each substation. These two separate feeders are expected to be in service by June 2016. The second part, called the forced-cooling project, would increase the capability on existing transmission feeders between Staten Island and Brooklyn by installing additional refrigeration on the lines. As discussed more fully below, this part of the project is currently on-hold. Approximately $4 million has already been spent on this project. The SIU project will be under the functional and operational control of NYISO after it is placed in service.

The SIU feeder-split project, which includes solely intangible assets as described below, is currently estimated to cost $51 million. Actual project costs may be higher or lower than the current working estimate. As such, this Section 70 application is seeking approval of the transfer based on the actual SIU feeder-split project costs incurred at time of transfer, which could be higher or lower than the current working estimate, plus $4 million of costs incurred for the Forced Cooling part of the SIU project.

IV. OVERVIEW OF THE TRANSACTION AND RELEVANT AGREEMENTS

A. Ramapo to Rock Tavern

Pursuant to the RRT Sale Agreement, NY Transco will purchase or lease from Con Edison certain assets that comprise the RRT Project, including the balance of AFUDC accrued by Con Edison in connection with the RRT project. The RRT project that Con Edison seeks to sell to NY Transco is not expected to be fully in service[13] at the time of the closing of the sale, and in any case, will not be reflected in the rates established for Con Edison's electric service by the Commission.

[13] Some parts of the upgrade may be in service as needed to maintain reliability, or for testing purposes.

The assets that comprise the RRT Project can be classified into three distinct asset classes: personal property, real property, and intangible property. A detailed description of the specific personal and intangible assets being transferred is contained in the Schedule to the RRT Sale Agreement (Exhibit A). As of the date of this filing, the current working estimate of the personal property assets is $26 million and the current working estimate of the intangible property assets is $76 million for a total estimated cost of $102 million.

General diagrams to explain the differentiation between the personal and intangible property of the RRT Project are provided in Exhibit D of this Joint Petition. These diagrams clearly delineate the differences between the financial and physical ownership interests in the assets that comprise the RRT Project. They illustrate the assets that will ultimately be owned by the NY Transco (either as personal property or as a financial asset). The real property being transferred is delineated in a lease agreement, which is discussed more fully below.

Personal Property

Personal property refers to the physical transmission assets, such as the 345 kV conductor, that are being constructed by Con Edison and for which both the physical and financial title will be transferred to the NY Transco. As described in the RRT Sale Agreement, the personal property to be transferred with the RRT Project consists of a new 345kV transmission line (*i.e.*, personal property) that is currently being constructed utilizing bundled 1590 ACSR (2 x 1590 ACSR) conductor to connect Central Hudson's Rock Tavern 345kV substation and O&R's 345kV Feeder 28 to establish a 345kV feeder that runs from Central Hudson's Rock Tavern 345kV substation to Con Edison's Ramapo 345kV substation (Feeder 28 is converted to be part of the new Feeder 76). The line runs on the same towers and rights of way of the Con Edison 345kV Feeder 77 (Ramapo to Rock Tavern).

Intangible Property

Intangible property refers to physical transmission assets that are being constructed by and will be owned by Con Edison, O&R and Central Hudson, but funded fully by NY Transco and classified on the NY Transco's books as miscellaneous intangible plant assets (to be recorded in FERC Account 303, Miscellaneous Intangible Plant), such as substation upgrades necessary for the RRT transmission line to be interconnected to the substations of Con Edison, O&R and Central Hudson. These assets differ from personal property in that after the transfer only the financial interest in the personal property will be owned by NY Transco, and the substation owner (Con Edison, O&R, or Central Hudson, as applicable) will maintain physical title to the property at a book value of zero. This is the same situation as exists with generator and transmission interconnections where the interconnecting entity (*i.e.*, the generating or transmission company) owns the financial interest in the substation upgrade while the interconnecting transmission owner retains title to the physical asset. This enables the interconnecting transmission owner to continue to manage all maintenance within its substation as well as efficiently operate its substation. At the same time, this arrangement allows the interconnecting developer to recover its costs and earn on its investment.

Establishing the new Feeder 76 requires system upgrades that can be described in three parts. The costs associated with constructing these system upgrades are the intangible assets.

The first part of the intangible assets is an upgrade that converts the existing Orange & Rockland transmission line (Feeder 28) connecting Ramapo substation and Sugarloaf substation from an operating voltage of 138kV to an operating voltage of 345kV. This will be accomplished by reconnecting Feeder 28 to the Ramapo 345kV bus, which requires two new 345kV circuit breakers and a new bay. The existing Feeder 28 substation bay will be

disconnected. Feeder 28 is located on double circuit transmission structures with the 345kV Feeder 77, and was initially built to be able to operate at the 345kV level. The control room will be expanded to accommodate added relay protection associated with the new Feeder 76.

The second part of the intangible asset is the construction of a Sugarloaf 345kV substation with a 400MVA 345kV/138kV step-down transformer and connection to the existing Sugarloaf 138kV substation. The transformer position at the Sugarloaf 138kV substation will utilize the now vacant position of the disconnected Feeder 28 position. The Sugarloaf 345kV transformer and associated equipment will be transferred from Con Edison to O&R so that once it is in service, O&R will own the new 345kV Sugarloaf substation at a book cost of zero.[14]

The third part of the intangible assets is the substation interconnection work at Central Hudson's Rock Tavern 345kV substation associated with the 345kV transmission line between Central Hudson's 345kV Rock Tavern substation and O&R's new Sugarloaf 345kV substation utilizing bundled 1590 ACSR (2 x 1590 ACSR) conductor. The interconnection at Rock Tavern substation involves two new 345kV circuit breakers and a 345kV bay addition plus a swap of Feeders 76 and 77 going into Rock Tavern substation. It also requires other upgrades to the substation including an expansion of the control building.

Real Property

The real property is only that associated with the personal property being transferred, which is the 345kV conductor from Feeder 28 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 composed of real property that Con Edison either owns in fee or for which

[14] See Exhibit F, which contains a copy of the Con Edison and O&R Interconnection Agreement, which addresses, among other issues, the ownership of the Sugarloaf substation. This interconnection agreement was accepted by FERC on July 7, 2015 in Docket ER15-1845. Thus, to the extent needed, this filing is seeking approval of the transfer of the Sugarloaf substation to O&R.

it has been granted an easement. In conjunction with the transfer of the RRT Project, Con Edison will enter into the RRT Lease pursuant to which the NY Transco's RRT transmission line will have shared access to its owned facilities (set forth in the Schedules attached to the RRT Lease). The RRT Lease will provide NY Transco with the rights to construct, reconstruct, alter, upgrade, operate, own, maintain, repair, improve, enhance, inspect, remove and replace the portion of Feeder 76 that it will own as personal property in its current location, subject to the requirements of Con Edison set forth in the lease. In connection with the RRT Lease, Con Edison retained Appraisal Economics on December 7, 2015 to prepare an appraisal of the value of the use and occupancy rights associated with the RRT Lease. Appraisal Economics committed to deliver their report within eight weeks. Similarly, NY Transco retained R.P. Hubbel & Company, to provide a corresponding valuation and received a timing estimate of up to three months. Con Edison plans to provide the Commission with an executed copy of the lease, in substantially the same form as attached hereto, the appraisal reports, and the estimated value of the use and occupancy rights associated with the RRT Lease on or about February 15, 2016.

Staten Island Unbottling

Pursuant to the SIU Sale Agreement (Exhibit C), the NY Transco will purchase certain assets from Con Edison that comprise the SIU project, including the balance of AFUDC accrued by Con Edison in connection with the SIU Project. Because all of the work associated with the SIU Feeder-Split project is being done in either Con Edison's Goethals substation or Linden's substation, all of the property at issue here will be classified on NY Transco's books as miscellaneous intangible plant assets (to be recorded in FERC Account 303, Miscellaneous Intangible Plant). The assets that comprise the SIU Feeder-Split project are substation upgrades

that are being constructed by Con Edison at its Goethals substation and by Linden CoGen, VFT ("Linden") at its substation in New Jersey. Thus, the actual asset being transferred from Con Edison to NY Transco is the financial interest in the substation upgrades. In addition, and pursuant to the Settlement Agreement pending before the FERC, NY Transco will also assume the costs of certain facilities related to the SIU Forced-Cooling project, which was initially started but, because of other unforeseen developments related to a transaction in a neighboring control area, may no longer be needed to meet the incremental transmission associated with that phase. As a result, that work has been suspended, and the costs incurred, which are approximately $4 million, will be assumed by NY Transco and held as a financial asset.[15] After the transfer, the NY Transco will own the financial interest in the assets while the substation owners (Con Edison and Linden) will maintain physical title to the property at a book value of zero. This enables the interconnecting transmission owner to manage maintenance within its substation as well as efficiently operate its substation, and allows the interconnecting entity to recover its costs and earn on its investment. A detailed description of the specific intangible assets being transferred is contained in the Schedules to the SIU Sale Agreement (Exhibit C).

As of the date of this filing, the current working estimate of the SIU Feeder-Split project is approximately $51 million. This is not inclusive of the approximately $4 million in costs related to the Forced-Cooling project.

A general diagram to explain the physical and financial ownership of the Feeder-Split project is provided in Exhibit E to this Joint Petition. This diagram shows how all of the equipment is being installed in existing substations.

[15] The Commission agreed to the recovery of this $4 million for preliminary Phase II work as part of the Transco's FERC rate settlement in FERC docket ER15-572.

The SIU Feeder-Split project is not expected to be in-service at the time of the closing of the sale and, in any case, will not be reflected in the rates established for Con Edison's electric service by the Commission.

V. THE TRANSFER OF THE PROPERTY IS IN THE PUBLIC INTEREST

Section 70 (1) of the PSL requires Commission approval before an electric corporation may transfer or lease its assets, including granting a third party rights to access facilities through an easement or owned right-of-way. In determining whether a proposed transaction is consistent with the requirements of Section 70, the Commission examines the "potential for harm to ratepayer interests and any benefits inuring to them as a result of the transaction."[16]

Consistent with the Commission's November 4th IP Order, Con Edison is developing the Projects, which are expected to be in service by June 2016. Also consistent with the November 4th IP Order, the costs of the Projects will be recovered through a NY Transco rate. Thus, in order for Con Edison to recover the costs to develop the Projects and for NYISO, on behalf of the NY Transco, to charge wholesale market participants for the costs of these projects, the Projects need to be transferred from Con Edison to NY Transco. Moreover, since these projects are scheduled to go into service by June 2016, Commission approval of this Joint Petition at its April session is critical so that there is sufficient time to close the transaction and transfer the assets to the NY Transco prior to the assets being fully in service. This will enable the NYISO to start billing wholesale market participants on behalf of NY Transco when the projects are fully energized.

[16] Case 13-E-0166, Petition of New York State Electric and Gas Corporation for Approval of a Transfer or Lease of Property Located in Arcadia, New York, "Order Approving the Lease of Property," issued August 20, 2013, at 4.

As demonstrated below, the proposed Transactions will have no adverse effect on competition or customer interests and will provide benefits to customers and, accordingly, should be approved.

A. The Transactions Will Not Permit the Exercise of Horizontal or Vertical Market Power

The proposed Transactions will have no adverse effect on competition. Because the proposed transactions will not result in any change in control over generation, there is no effect on horizontal market power. The Transactions also will not permit the exercise of vertical market power. The transmission equipment transferred pursuant to the Transactions is associated with the development of the Projects, and once the Projects are placed in service, they will be under NYISO's functional and operational control. Additionally, transmission service over Con Edison's and O&R's existing transmission facilities is provided pursuant to the NYISO OATT, which was mandated by FERC for the express purpose of preventing discrimination in the access to transmission facilities and the exercise of market power. Likewise, transmission service over NY Transco's facilities will also be provided under the NYISO OATT. Therefore, the transmission equipment transferred to NY Transco cannot be used to erect barriers to entry or used to exercise vertical market power. Moreover, these assets will be under the regulatory oversight of the FERC, and are being constructed pursuant to needs identified the Commission's November 4th IP Order.

B. The Proposed Transactions Will Have No Adverse Effects on Rates

The proposed Transactions do not involve any generation facilities or power sales agreements. Therefore, there is no effect on rates charged to wholesale requirements customers. In addition, the Transactions will not have any significant net effect on rates for existing transmission customers of Con Edison. Further, Con Edison's retail and distribution rates are

subject to the jurisdiction of the Commission, and will be designed to exclude the Project costs recoverable through NY Transco rates. NY Transco does not have any existing customers or existing rates, and its rates and charges will be put in place by the FERC, and will be implemented by the NYISO pursuant to its FERC-approved tariff. NY Transco's rate base will reflect the net book value of those Transaction Assets that will be included in its rate base, and are subject to the jurisdiction of the FERC.

C. The Proposed Transactions Will Benefit New York State Electric Customers

As discussed herein, the Commission has found that the TOTS Projects will provide significant benefits to New York State's consumers both with and without IPEC in service.[17] Specifically, the Ramapo to Rock Tavern line will increase the import capability into Southeastern New York by reducing the constraint on the Upstate New York/Southeast New York interface. As a result, underutilized upstate capacity would be able to provide increased levels of lower cost and cleaner energy to the downstate area. This increased capability also would provide a reliability benefit. Similarly, the SIU project is designed to make generation on Staten Island, which is currently bottled, available to the grid and deliverable to Con Edison's Gowanus and Farragut transmission substations. By unbottling generation on Staten Island, the project also would enable the delivery of energy from more efficient and lower cost generation resources in New Jersey to serve load within New York State. The SIU project will also provide additional operational flexibility during maintenance outages, will enable improved integration of intermittent renewable energy, and will benefit long-term reliability.

In its order approving and selecting the TOTS Projects, the Commission stated that "Staff's analysis shows that the net benefits for ratepayers are available even if IPEC is not

[17] November 4th IP Order, pp. 22-25.

retired."[18] Moreover, the November 4th Order notes that "Staff opines that it is in the public interest to pursue these projects, regardless of the contribution they make to the IPEC Reliability Contingency Plan."[19] Staff's analysis (which was confirmed by that of an outside consultant) showed that:

> for the first 15 years of asset life, DPS Staff estimated net benefits to have a net present value (NPV) of approximately $260 million in 2016 dollars. For the full 40 years of rate recovery, the NPV of net benefits was estimated to be approximately $670 million. DPS Staff indicates that if IPEC were retired, the estimated net benefits of the TOTS projects are expected to be higher.[20]

The Projects will also contribute to increased economic development within New York State, and economic development benefits in the form of increased employment and increases in local tax revenues across the State.

In sum, the Projects enable the State to prepare for the potential retirement of the IPEC and they provide significant State-wide benefits even if IPEC were to remain in service.

VI. PROPOSED RATEMAKING AND ACCOUNTING TREATMENT RESULTING FROM THE TRANSFER

The Transaction Assets at issue are an aggregation of costs incurred for the TOTS projects in Case 12-E-0503 and recorded on the books of Con Edison. These costs have been recorded as interest bearing CWIP (FERC account 1070) in the amount of $67 Million as of November 30, 2015 (See Attachment A). These AFUDC-earning CWIP balances have not been included in Con Edison's rate base for rate making purposes, and have not been charged to customers. When these Transaction Assets are sold, the actual balances recorded on Con

[18] November 4th IP Order, p. 25.

[19] November 4th IP Order, p. 22.

[20] November 4th IP Order, p. 24.

Edison's books will be transferred to the books of Transco as part of the transaction. All costs will follow the cost allocation and collection process that will be implemented by the NYISO, as approved by the FERC.

VII. REQUEST FOR PRIVILEGED AND CONFIDENTIALTREATMENT

Pursuant to Section 6-1.3 and 6-1.4 of the Commission's regulations, the Applicants are, simultaneous with this filing, submitting a request to Donna Giliberto, Records Access Officer, Department of Public Service, for privileged and confidential treatment of the general substation diagrams of the RRT and SIU Projects in Exhibits D and E, which contain critical energy infrastructure information. These confidential diagrams have been redacted from this filing.

VIII. NEED FOR EXPEDITED RELIEF

The Applicants request that the Commission accord this filing expedited treatment so that the Commission can act on this Joint Petition no later than its scheduled April 12, 2016 Open Session. Commission action by April 12, 2016 is essential. This will enable the NY Transco to complete the necessary debt financings and then purchase the assets comprising the three TOTS projects by May 31, 2016. Completing the debt financings can take several weeks once final Commission approval is granted. Simply put, any later Commission session would not provide ample time to close the Transactions and place the assets in service by or as close to June 1 as possible, to be in place for the NYISO's summercapability period, as planned.

Accordingly, the Applicants respectfully request that the Commission accord expedited treatment to this filing and approve the Transactions as requested.

IX. STATE ENVIRONMENTAL QUALITY REVIEW ACT

The RRT project received its Article VII Certificate from the Commission on January 25, 1972[21] and it received its EM&CP approval from the Commission on October 27, 2014.[22] The SIU project did not require an Article VII Certificate because it consisted solely of upgrades at existing substations. Petitioners provide as Exhibit G a short Environmental Assessment Form ("EAF") for the Transactions. This document, and the prior environmental reviews associated with the Projects, demonstrates that the Transactions will not result in any potentially significant adverse environmental impacts.

X. CORRESPONDENCE AND COMMUNICATIONS

All correspondence and communications related to this matter should be addressed to the following:

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[21] Cases 25845 and 25741, Consolidated Edison Company of New York, Inc., Opinion No. 72-2, Opinion and Order Granting Certificate of Environmental Compatibility and Public Need with Conditions (issued January 25, 1972).

[22] Case 13-T-0586, Petition of Consolidated Edison Company of New York, Inc. for Approval of Environmental Management and Construction Plan for Sugarloaf to Rock Tavern Segment of Second Ramapo to Rock Tavern 345 kV Transmission Line (Feeder 76) (Formerly Cases 25845 and 25741). *Order Approving Environmental Management & Construction Plan Segment II* (October 27, 2014).

I. REQUEST FOR RELIEF

Accordingly, for the reasons set forth herein, the Applicants respectfully request that the Commission authorize the sale of the RRT and SIU projects from Con Edison to NY Transco, and to authorize the sale of certain equipment from Con Edison to O&R in connection with these projects , as described herein, and approve this Section 70 Joint Petition by April 2016.

Dated: January 7, 2016

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VERIFICATION

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

Stuart Nachmias, being duly sworn, deposes and says that he is a Vice President of Consolidated Edison Company of New York, Inc., one of the Petitioners above named; that he has read the foregoing Joint Petition and knows the contents thereof; and that the same is true to the best of his knowledge, information and belief.

Sworn to before me this
6th day of January 2016

NEIL H. BUTTERKLEE
Notary Public, State of New York
Qualified in Suffolk County
No. 02BU5009938
Commission Expires 3/22/2019

Notary Public

EXHIBIT A

Execution Copy

ASSET PURCHASE AGREEMENT

by and between

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.,

as Seller

and

NEW YORK TRANSCO LLC

as Buyer

Dated as of January 7, 2016

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), dated as of January 7, 2016, is by and between Consolidated Edison Company of New York, Inc., a New York corporation ("Seller"), and New York Transco LLC, a New York limited liability company ("Buyer"). Buyer and Seller each may be referred to herein as a "Party" or together as the "Parties."

RECITALS

WHEREAS, Seller owns and operates electric transmission facilities in the State of New York;

WHEREAS, Buyer was formed by Affiliates of New York's investor-owned transmission owners, including Seller's Affiliate, for the purpose of developing, constructing, owning, operating and maintaining transmission facilities that upgrade and/or enhance, and are incremental to, certain transmission facilities owned and operated by such transmission owners;

WHEREAS, among the transmission projects Buyer intends to develop, construct, own and operate include that project currently under development by Seller known as the "Second Ramapo to Rock Tavern" project (the "Project"), as identified in filings made by Seller and Buyer with the Federal Energy Regulatory Commission ("FERC") and the New York State Public Service Commission (the "NYPSC"); and

WHEREAS, at the Closing, Seller desires to sell and Buyer desires to purchase the Purchased Assets (as hereinafter defined), in each case on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and subject to the representations, warranties, covenants and conditions contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows.

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. The following capitalized terms have the meanings specified below.

"AAA" means the American Arbitration Association.

"Affiliate" means, with respect to a Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct the management or policies of a Person. For the avoidance of doubt, Buyer and Seller shall not be deemed Affiliates of each other.

"Ancillary Agreements" means the Project Services Agreement (if any) and the O&M Agreement.

"Applicable Regulatory Authority" means the NYPSC or the FERC.

"Applicable Variance" means the percentage of variance given to the Updated Project Cost Estimate Amount as reasonably determined by Seller and reflected in the Updated Project Cost Statement; *provided, however*, that if all of the Authorized Buyer Representatives disagree with such determination, then the Applicable Variance shall be the amount unanimously determined by the Authorized Buyer Representatives.

"Authorized Buyer Representatives" means the Board of Managers of Buyer, excluding the Manager Affiliated with Seller.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to be closed.

"Central Hudson" means Central Hudson Gas & Electric Corporation, a New York corporation.

"Closing Assumed Liability Amount" means, without duplication, the sum of (a) the aggregate principal of any Indebtedness (including the deferred purchase price amount) related to any Purchased Asset constituting an Assumed Liability, including any accrued or unpaid interest or penalty, *plus* (b) any unpaid amounts accrued, due or incurred by Seller for any period on or prior to the Closing Date under any Assumed Contract (other than those Assumed Contracts constituting Indebtedness that are reflected in clause (a) of this definition), *less* (c) any deposits or similar payments paid or made by Seller on account of any Assumed Contract for any Purchased Asset (to the extent not otherwise reflected in the book value for any Purchased Asset at the time of the Closing and only to the extent such deposits are not otherwise returned or refunded to Seller), in each case, as of such Closing.

"Confidential Information" means any and all information prepared or delivered to Buyer by Seller or its Representatives in connection with the transactions contemplated hereby, including information that (a) is marked or designated as "confidential" or "proprietary," (b) is disclosed orally or visually (*provided* that such information is identified as proprietary or confidential at the time of such disclosure), (c) is known to Buyer, or should be known to a reasonable Person given the facts and circumstances of the disclosure, to be confidential or proprietary to Seller, or (d) has come into Buyer's possession pursuant to this Agreement or any other agreement to which Buyer is a party; except, in each case, to the extent that such information can be shown to have been (i) in the public domain through no action of Buyer or its Representatives, (ii) lawfully acquired by Buyer from other sources not known by Buyer (after due inquiry) to be bound by any obligations of confidentiality, (iii) independently developed by Buyer without reference to the Confidential Information and without a breach of this Agreement or (iv) approved for release by written authorization of Seller or the third party owner of the information.

"Contract" means any written agreement, lease, license, commitment or arrangement, including any sales orders or purchase orders.

"Conveyance Documents" means the Project Lease, any assignment and assumption agreement, any bill of sale, and all other instruments of Transfer necessary or appropriate to effectuate the Transfer of the Purchased Assets and the assumption of the Assumed Liabilities hereunder.

"Development Assets" means all Purchased Assets other than the Project Land Rights.

"Environmental Information" means any material written communication or material (whether in hard copy or electronic form) from or to any Governmental Authority or an adjacent or nearby landowner (if such landowner asserts a material claim with respect to any Purchased Asset asserting non-compliance with or violations of Environmental Law or Environmental Permits) and any other material non-privileged memoranda, audits, reviews, studies (including Phase I and Phase II reports), analyses or investigations, in each case, relating to the condition or status of any Purchased Asset under applicable Environmental Law.

"Environmental Law" means any applicable Law, including any Environmental Permit, 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 Materials, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or arrangement for such activities with respect to, Hazardous Materials.

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

"Expert" means one or more independent real estate appraisers, mutually acceptable to the Parties, that are disinterested persons and a member of the American Institute of Appraisers with at least ten (10) years' experience valuing corridor property rights in the general vicinity of, and comparable to, the Project Land Rights.

"Fair Market Value" means the price that a third party would pay in an arms-length transaction, as determined by the Expert and in accordance with applicable Law (including Section 70 of the New York Public Service Law), as may be modified in an order by the NYPSC.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next succeeding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any date that is a Business Day, the average of the quotations for such day on such transactions received by Buyer and Seller from three (3) unaffiliated federal funds brokers of recognized standing selected by them.

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric transmission industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method,

or act to the exclusion of all others, but rather to delineate acceptable practices, methods or acts generally accepted by similarly situated entities that conduct business in the industry.

"Governmental Authority" means federal, state, local or other governmental or regulatory authority, administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental or quasi-governmental authority having jurisdiction over any of the parties, the Purchased Assets, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police or taxing authority or power.

"Hazardous Materials" 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 any thermal discharge) or electromagnetic emission 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 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.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

"Indebtedness" means, without duplication, (a) all indebtedness for borrowed money or for the deferred purchase price of property or services, (b) any other indebtedness that is evidenced by a note, bond, debenture, draft or similar instrument other than performance and surety bonds arising in the ordinary course of business, (c) all obligations under financing or capital leases to the extent required by GAAP or applicable Law to be recorded as indebtedness, (d) letters of credit and any similar agreements, (e) any guarantee of any of the foregoing obligations and (f) all indebtedness referred to in clauses (a) through (e) above of any accrued or unpaid interest or penalty.

"Interconnection Agreements" means those certain Transmission Facility Interconnection Agreements by and between Seller, as developer, and (i) Central Hudson Gas & Electric Corp., as connecting transmission owner, dated as of March 19, 2015, and (ii) Seller's Affiliate, Orange & Rockland Utilities, Inc., as connecting transmission owner, dated as of May 27, 2015, in each case as amended and in effect.

"Law" means any U.S. federal, state, local or non-U.S. statute, law, ordinance, regulation, rule, code, order, ordinance (including zoning), executive order or decrees, edicts or binding interpretation by a Governmental Authority or other requirement or rule of law, including the common law.

"Liabilities" means, except as otherwise expressly qualified by the Agreement, all debts, liabilities (including liabilities for Taxes), guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or un-asserted, matured or un-matured, liquidated

or unliquidated, accrued or un-accrued, known or unknown, due or to become due, whenever and however arising (including whether arising out of any contract or tort based on negligence, or strict liability) and whether or not the same would be required by generally accepted accounting principles to be reflected in financial statements or disclosed in the notes thereto.

"Lien" means any mortgage, lien, pledge, security interest, hypothecation, option, encumbrance, claim or charge of any kind.

"LLCA" means the Limited Liability Company Agreement of New York Transco, LLC, dated November 14, 2014, as amended in accordance with its terms and in effect from time to time.

"Losses" means all losses, damages, costs, expenses, liabilities, fines, penalties, environmental investigation and remediation costs, obligations and claims of any kind (including any action, claim, inquiry, proceeding or investigation brought by any Governmental Authority or other Person and including reasonable attorneys' fees).

"Multifunction Contract" means any Contract (other than those relating to real property rights) related to the Project to which Seller is party or by which its assets are bound that also relates to Seller's other business or the Excluded Assets or the benefits of which are otherwise needed by Seller after the Closing.

"O&M Agreement" means any O&M Agreement, in substantially the form attached to the LLCA or in such other form as the Parties shall agree, by and between Seller and Buyer pertaining to the Project.

"O&R" means Orange & Rockland Utilities, Inc., a New York corporation.

"Organizational Document" means, with respect to an entity, its certificate of incorporation, articles of incorporation, by-laws, articles of organization, limited liability company agreement, formation agreement, joint venture agreement or other similar organizational document of such entity.

"Permits" means all permits, approvals, identification numbers, licenses or other authorizations required by a Governmental Authority for the development, construction, ownership, operation or maintenance of the Project or Purchased Assets, including Environmental Permits.

"Permitted Liens" means (a) Liens for property taxes and assessments not yet due or payable, (b) Liens of mechanics, laborers, warehousemen and similar statutory liens arising in the ordinary course of business for amounts not yet due, (c) those imperfections of title that do not materially restrict or interfere with the intended use of the applicable real property; (d) Liens consisting of zoning or planning restrictions, easements, servitudes, licenses, permits and other restrictions or limitations on the use of real property that do not materially restrict, impair or interfere with the use of the applicable real property; (e) those imperfections of title that are set forth on Schedule 1.01 hereto, (f) as to any easement property, any encumbrance affecting solely the interest of the property owner and not the easement grantee, and (g) any Liens deemed Permitted Liens pursuant to Section 5.03.

"Person" means any individual, corporation, company, partnership (limited or general), limited liability company, joint venture, association, trust or other business entity.

"Pre-Existing Environmental Condition" means Hazardous Materials that are on or below the Real Properties or Purchased Assets on or before the Closing Date, other than Hazardous Materials contained within electrical equipment.

"Project Development" means the acquisition of the Project, and all planning, development, permitting, construction and other activities associated with the Project that are necessary or advisable for it to achieve commercial operation, including preliminary engineering and licensing, detailed engineering and design, equipment procurement and construction (including construction management), and reasonable contingencies therefor.

"Project Intellectual Property" means all patents, trademarks, service marks, trade dress, logos, trade names, domain names and corporate names, copyrights and copyrightable works, proprietary software and computer programs (whether in source code or object code) and confidential, proprietary or non-public information primarily relating to the Project, including trade secrets, processes, cost information and Project plans and proposals, ideas, research and development, works of authorship, formulas, compositions, tools, materials, specifications, procedures, techniques, improvements, creations, methods, schematics, technology, technical data, designs, drawings, graphs, flowcharts, block diagrams, and copies and tangible embodiments of all of the foregoing as well as related documentation in whatever form or medium, and all applications for and registrations of any of the foregoing, all goodwill associated with all of the foregoing, and the right to sue for infringement in connection with any of the foregoing.

"Project Land Rights" means those rights granted to Buyer to (i) attach Transmission Line Facilities to, and receive the benefit of, Seller's existing towers, and (ii) access the property upon which such towers are located and the Transmission Line Facilities traverse to construct, reconstruct, maintain, operate and repair the Transmission Line Facilitates, in each case pursuant to the Project Lease.

"Project Lease" means that certain lease agreement to be entered into at the Closing by and between Seller as lessor and Buyer as lessee, pursuant to which Buyer shall acquire (a) a leasehold interest in and to those 37 parcels of real property owned by Seller in fee simple and those 25 parcels of real property as to which Seller holds an easement, in each case as identified therein and upon which Transmission Line Facilities are or are to be located, and (b) the right to attach the Transmission Line Facilities to Seller's existing towers located on such parcels.

"Project Services Agreement" means any Project Services Agreement, in substantially the form attached to the LLCA or in such other form as the Parties shall agree, by and between Seller and Buyer pertaining to the Project.

"Protected Critical Infrastructure Information" means CEII and CIP.

"Purchased Assets" means the Development Assets and the Project Land Rights.

"Real Properties" means all land that is the subject of Project Land Rights conveyed hereunder.

"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 Material.

"Requisite Approval" means (a) if the Project is in the Preliminary Engineering and Permitting Phase at the time of determination, unanimous approval by the Board of Managers of the Buyer and (b) if the Project is in the Final Engineering and Procurement Phase or at any phase thereafter at the time of determination, a Majority approval by the Board of Managers of Buyer.

"Substation Upgrade Facilities" means those items of equipment that are, or are planned to be, located within Seller's, O&R's or Central Hudson's substation property and are required for the Project.

"SUF Intangible Plant" means the costs incurred to build those items of equipment (including, without limitation, towers, poles, transformers, circuit breakers, meters, wires and ancillary equipment) required for the Project that are to be located within and/or required to interconnect to Seller's, O&R's or Central Hudson's substation property.

"Taxes" means all taxes, charges, fees, levies, penalties or other assessments imposed by any federal, state, local, provincial or foreign taxing authority, including, income, gross receipts, excise, real or personal property, sales, use, transfer, customs, duties, franchise, payroll, withholding, social securities, receipts, license, stamp, occupation, employment, including any interest, penalties or additions attributable thereto, and any payments to any state, local, provincial or foreign taxing authorities in lieu of such taxes, charges, fees, levies or assessments.

"Transaction Agreements" means this Agreement, the LLCA and any Ancillary Agreement.

"Transmission Line" means the line or lines for the transmission of electricity consisting of Transmission Line Facilities and the corresponding Project Land Rights.

"Transmission Line Facilities" means those items of equipment, including wire, line, conduit, insulators and other ancillary equipment, that are part of the Project's Transmission Line, but expressly excluding all existing towers and poles to which the Transmission Line is or is to be attached.

"Updated Project Cost Statement" means the statement prepared in good faith by Seller, and derived from the books and records of Seller, of (a) the Updated Project Cost Estimate Amount, as the most recently available date (such date not to be earlier than the end of the month immediately preceding the Closing Date) and (b) the Applicable Variance as determined by the Seller.

"Updated Project Cost Estimate Amount" means the sum of (a) the actual amount of costs incurred by Seller in connection with the Project Development of the Project from inception to the date stated in the Updated Project Cost Statement, *plus* (b) the estimated amount of remaining costs to complete the Project Development of the Project after such date, in each case, including operating, general and administrative expenses of Seller allocable to the Project, as reflected in the Updated Project Cost Statement; *provided, that* the Updated Project Cost Estimate Amount shall not include any Applicable Variance.

Section 1.02 Terms Defined in this Agreement. The following capitalized terms have the meanings set forth in the Sections hereof referenced immediately below:

Accept 2.01
Acceptance 2.01
Action 9.11
Agreement ..... Preamble
Assumed Contract ..... 3.09(a)
Assumed Environmental Liabilities ... 2.03(d)
Assumed Liabilities 2.03
Bankruptcy and Equity Exceptions 3.02
Books and Records ..... 2.01(f)
Buyer ..... Preamble
Buyer Indemnified Parties 7.02
Casualty Event ..... 5.04(a)
Closing 2.06
Closing Date 2.06
Closing Statement ..... 2.10(a)
Deferred Asset ..... 2.05(a)
Dispute 9.09
Dispute Notice ..... 2.10(b)
Disputed Items ..... 2.10(b)
Disputed Schedule Items ..... 2.11(c)
Environmental Claims ..... 7.05(c)
Environmental Response ..... 7.05(c)(iii)
Estimated Closing Statement ..... 2.07(c)
Estimated Closing Statement Dispute Notice ..... 2.07(d)
Estimated Closing Statement Disputed Items ..... 2.07(d)
Estimated Closing Statement Review Period ..... 2.07(d)
Excluded Assets 2.02
Excluded Environmental Liabilities ..... 2.04(c)
Excluded Liabilities 2.04
FERC ..... Recitals
Final Closing Statement ..... 2.10(d)
Final Statement ..... 2.10(d)
Final Updated Schedule ..... 2.07(c)
Illustrative Estimated Signing Statement ..... 2.07(b)
Indemnified Party 7.04
Indemnifying Party 7.04
Independent Accountant ..... 2.10(c)
New York Courts 9.11
NYPSC ..... Recitals
Objection Notice 5.03
Order ..... 5.01(a)
Parties ..... Preamble
Party ..... Preamble
Pre-Closing Resolution Period ..... 2.07(d)
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Transfer 2.01
True-Up Payment Amount ..... 2.10(f)
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Updated Schedule ..... 2.11(c), 2.11 (d)

Section 1.03 Terms Defined in the LLCA. Capitalized terms used and not otherwise defined herein have the meanings given to them in the LLCA.

ARTICLE II

PURCHASE AND SALE

Section 2.01 Purchase and Sale of Purchased Assets. On the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, convey, assign, transfer and deliver ("Transfer") to Buyer, free and clear of all Liens other than Permitted Liens, and Buyer shall purchase, acquire and accept ("Acceptance") from Seller, all or certain (as provided for in this Section 2.01) of Seller's right, title and interest in and to the Purchased Assets. As used in this Agreement, "Purchased Assets" shall mean, subject to Section 2.01, the following:

(a) The Project Land Rights. As used in this Agreement, "Project Land Rights" means:

(i) the Project Lease, granting to Buyer (A) a leasehold interest in those parcels (x) owned by Seller in fee, as identified on Schedule 2.01(a)(i) and (ii) as to which Seller holds an easement, as identified on Schedule 2.01(a)(ii), and (B) the right to attach to Seller's existing towers located on such parcels; and

(ii) A copy of any database or centrally located files and records in Seller's care, custody or control that are related to the Project Land Rights.

(b) The Transmission Line Facilities identified on Schedule 2.01(b), (which, for clarity, excludes all existing towers owned or leased by Seller related to another business or project of Seller or Excluded Asset);

(c) Those items constituting SUF Intangible Plant as identified on Schedule 2.01(c);

(d) All rights, title and interests of Seller to the Contracts exclusively related to the Project Development of the Project and not involving real property rights (including any Project Land Rights), including those Contracts that are identified on Schedule 2.01(d);

(e) Any other asset, property or right not otherwise defined in this Section 2.01 exclusively related to the Project Development of the Project, the expense of which was pre-paid by Seller, including the items identified on Schedule 2.01(e);

(f) All papers, books and records (whether in paper or electronic form) in Seller's care, custody or control ("Books and Records") that primarily relate to the engineering, design or development of the Project, including all technical and descriptive materials and drawings, Project scope documents, specifications, engineering reports or warranty and shipping records, invoices, supplier lists, correspondence and any other documents, records or files primarily related to the ownership, use or operation of the Project (collectively, "Project Records"); *provided, however*, that (i) subject to applicable Law, Seller shall be entitled to retain a copy of any and all Project Records to the extent such Project Records are not reasonably practicable to identify and extract; *provided*, that such Project Records shall be subject to Section 10.2 of the LLC Agreement, (ii) such Project Records shall not be deemed to include any Books

and Records or portions thereof that are subject to restrictions on Transfer pursuant to applicable Law unless such Books and Records are required to be Transferred to Buyer under applicable Law, and (iii) such Project Records shall not include (A) any Seller corporate record books or similar records of Seller containing all or a portion of Project Records related to the financing, accounting or capitalization of Seller, *provided* that such Project Records contained in any such corporate record books or similar records shall be subject to Section 10.2 of the LLCA, or (B) the database, files or records described in Section 2.01(a)(ii);

(g) All Permits exclusively related to the Project Development or commercial operation of the Project, including the Permits set forth on Schedule 2.01 (g);

(h) All Project Intellectual Property, if any;

(i) All rights and claims under any and all transferable warranties extended by suppliers, vendors, contractors, manufacturers, and licensors related to any Assumed Contract or any other Purchased Asset defined in this Section 2.01, in each case, that is primarily related to the Project, including the items identified on Schedule 2.01(i);

(j) Any insurance proceeds (after deducting any costs and expenses incurred by Seller in connection with pursuing the underlying claims) received or receivable under any insurance policy of Seller written prior to the Closing Date in connection with (i) any Casualty Event resulting in damage or destruction of any Purchased Asset (or any asset that would have been a Purchased Asset but for such damage or destruction occurring prior to the Closing) and (ii) any Assumed Liability, in each, case, only to the extent the Purchase Price has not been reduced with respect to such Casualty Event or Assumed Liability;

(k) All claims, causes of action, choose in action, rights of recovery and rights under or with respect to the other Purchased Assets and the Assumed Liabilities; and

(l) Any other assets, rights, Contracts and claims owned or held immediately prior to the Closing by Seller that are exclusively related to the Project that are not Excluded Assets.

Notwithstanding anything in Section 2.01 to the contrary, unless otherwise agreed to by Buyer and Seller, the allocation of any Liabilities and the terms of any exculpation and indemnification provisions of any Conveyance Document (including but not limited to the Project Lease) shall be consistent with the terms and conditions of this Agreement.

Section 2.02 Excluded Assets. Notwithstanding anything in Section 2.01 to the contrary, the Purchased Assets shall not in any event include any of the following (the "Excluded Assets"):

(a) All cash, cash equivalents and securities owned and otherwise held by Seller;

(b) Any asset, property, right or Contract, the ownership or benefit of which is to be provided by Seller to Buyer pursuant to any Ancillary Agreement;

(c) All Substation Upgrade Facilities;

(d) All corporate seals, Organizational Documents, stock and corporate record books containing minutes of the board of trustees (or committees thereof) or equity holders of Seller, and all other records having to do with the finances or accounting, organization or capitalization of Seller;

(e) Except as expressly set forth in Section 2.01 and the corresponding Schedules thereto, all owned and leased real property and other rights in real property of Seller;

(f) Except as expressly provided in Section 2.01, all rights to insurance policies and interests in insurance pools and programs of Seller and its Affiliates;

(g) Seller's employee benefit plans, programs, arrangements, agreements and policies, and any assets related thereto;

(h) All causes of action and defenses against third parties relating to any Excluded Assets or Excluded Liabilities as well as any books, records and privileged information relating thereto;

(i) Any interest in Contracts and other instruments, arrangements or understandings of any kind other than the Assumed Contracts and Buyer's rights and interest in and to any Conveyance Documents relating to the Project Land Rights;

(j) The rights of Seller under this Agreement, the other Transaction Agreements and the Conveyance Documents and any other agreement, certificate, instrument or other document executed and delivered by Seller or Buyer in connection with the transactions contemplated hereby;

(k) Any Federal Communications Commission licenses held by Seller or its Affiliates;

(l) The assets, properties, rights, contracts, claims and Permits identified on Schedule 2.02 (i) that otherwise may be related to the Project but are being retained by Seller;

(m) Any other asset, property, right, contract, claim or Permit that is to be expressly retained by Seller pursuant to any Ancillary Agreement or Conveyance Document; and

(n) Other than any asset, property, right, contract, claim or Permit expressly provided to be Transferred to Buyer under Section 2.01 or the corresponding Schedules thereto, all other assets, properties, rights, contracts, claims or Permits of Seller, wherever located.

Section 2.03 Assumed Liabilities. On the terms and subject to the conditions of this Agreement, at the Closing, Buyer shall assume and become responsible for any and all Assumed Liabilities, regardless, except where expressly provided otherwise, of when or where

such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to such Closing, or where or against whom such Liabilities are asserted or determined or whether determined prior to the date of this Agreement, but in each case, excluding the Excluded Liabilities. For purposes of this Agreement, the "Assumed Liabilities" mean:

(a) Any sales or transfer Taxes applicable to the Transfer of the Purchased Assets;

(b) All Liabilities for Taxes applicable to the Purchased Assets with respect to any period (or portion thereof) beginning after the Closing;

(c) All Liabilities arising under any Contract assigned or otherwise Transferred to Buyer under Section 2.01;

(d) All Liabilities, whether accruing before, on or after the Closing, arising under Environmental Law (including the exposure of any Person to Hazardous Materials): (A) arising from or related to the Project, including operations for which a current or future owner or operator of the Project may be alleged to be responsible, or (B) arising from or related to any Pre-Existing Environmental Condition (but only to the extent) that such Pre-Existing Environmental Condition arises from, or is discovered by disturbance of the soil or exacerbated by, the acts or omissions of Buyer or its Representatives (including any contractors or subcontractors or any third party acting under the supervision of Buyer) (collectively, the "Assumed Environmental Liabilities"); and

(e) Except as otherwise expressly provided in this Agreement or the Schedules to this Agreement, any Ancillary Agreement or Conveyance Document, all Liabilities related to the ownership or use of the Purchased Assets.

Notwithstanding anything in this Section 2.03 to the contrary, nothing in this Section 2.03 shall affect the exculpation or indemnification rights and obligations, if any, of Buyer under any Ancillary Agreement.

Section 2.04 Excluded Liabilities. Notwithstanding the foregoing, the Assumed Liabilities shall not in any event include any of the following Liabilities (the "Excluded Liabilities"):

(a) All Liabilities associated with any Excluded Asset;

(b) All Liabilities for Taxes applicable to any Purchased Asset with respect to any period (or portion thereof) ending on or before the Closing in which such Purchased Asset was Transferred;

(c) Except to the extent assumed by Buyer under Section 2.03(d), all Liabilities, whether accruing before, on or after the Closing, arising under Environmental Law (including the exposure of any Person to Hazardous Materials) arising from or related to: (i) any Pre-Existing Environmental Condition, or (ii) any Excluded Asset or the acts or omissions of

Seller or any of its Representatives (collectively, the "Excluded Environmental Liabilities"); and

(d) All Liabilities that are expressly contemplated by this Agreement or the Schedules to this Agreement, any Ancillary Agreement or any Conveyance Document to be assumed or retained by Seller.

Notwithstanding anything in this Section 2.04 to the contrary, nothing in this Section 2.04 shall affect the exculpation or indemnification rights and obligations, if any, of Seller under any Ancillary Agreement.

Section 2.05 Assignment of Certain Purchased Assets.

(a) If any Transfer of any Purchased Asset (or any claim, right or benefit arising thereunder) shall require the consent or approval of any third party (including the removal of any Lien (other than a Permitted Lien) and other than any consent identified on Schedule 6.02(e)) or would violate any applicable Laws and such consent or approval or removal has not been obtained by the Closing, then, notwithstanding any other provision of this Agreement to the contrary, the Transfer of such Purchased Asset shall automatically be deferred and no Transfer of such Purchased Asset (such a Purchased Asset being, a "Deferred Asset") shall occur until all legal impediments are removed (including the removal of any Lien (other than a Permitted Lien) or such consents or approvals have been obtained; *provided*, *however*, that Buyer, or Buyer and Seller, jointly, may elect to require the immediate Transfer of any such Purchased Asset notwithstanding that any requirement that an immaterial consent or approval be obtained; *provided*, *further*, that any Liabilities arising from such Transfer shall be (i) deemed to be an Assumed Liability (if Buyer solely elected such Transfer) and (ii) shared equally by Buyer and Seller (if the Parties jointly elected such Transfer).

(b) Any Deferred Asset shall be held in trust by Seller, for the benefit of Buyer, insofar as reasonably practical and to the extent permitted by applicable Law. To the extent that any Deferred Asset cannot be Transferred without the approval or consent of any third party (including any Governmental Authority), this Agreement shall not constitute an agreement to Transfer such Deferred Asset if an attempted Transfer would constitute a breach of Contract or violate applicable Law. The Parties shall use their commercially reasonable efforts to develop and implement mutually acceptable arrangements to place Buyer, in so far as reasonably possible, in the same position as if such Deferred Asset had been Transferred at the Closing such that all the benefits and burdens relating to such Deferred Asset, including possession, use, risk of loss, potential for gain, ownership for regulatory accounting, any Liabilities for Tax and dominion, control and command over such Deferred Assets, inure to Buyer from and after the Closing; *provided* that no such arrangement will be deemed to have caused the Closing conditions in Section 6.02(a), Section 6.02(e) or Section 6.02(i) to have been satisfied unless, after giving effect to the foregoing, Buyer, without being in breach of Contract or applicable Law, will be able to continue, in all material respects, the Project Development of the Project and own and operate the Project in all material respects in the manner owned and operated by Seller prior to the Closing. If and when the legal or contractual impediments the presence of which caused the deferral of the Transfer of any Deferred Asset pursuant to this Section 2.05 are removed or any consents or approvals the absence of which caused the deferral

of any Deferred Asset are obtained, the Transfer of the applicable Deferred Asset shall be effected in accordance with the terms of this Agreement and/or the applicable Conveyance Document. The obligations set forth in this Section 2.05 shall terminate on the two (2) year anniversary of the Closing Date.

(c) Unless otherwise agreed to by the Parties, any Deferred Asset shall be included in the Purchase Price at the Closing if the mutually acceptable arrangements provided for in this Section 2.05 would allow such Deferred Asset (or an intangible asset related to such Deferred Asset) to be included in the financial and regulatory books and records of Buyer under applicable regulatory accounting rules; *provided*, that each of Buyer and Seller shall cooperate in the regulatory accounting treatment of the foregoing; *provided further*, *however*, if the Transfer of any Deferred Asset does not occur by the second anniversary of the Closing Date, Seller shall promptly pay to Buyer, in immediately available funds, an amount equal to the net book value (as reflected on the books and records of the Party carrying such Deferred Asset on its books and records) or Fair Market Value, as the case may be, of such Deferred Asset as of such date the obligations set forth in this Section 2.05, and no Transfer of such Deferred Asset shall occur.

Section 2.06 Closing. On (i) a date no later than the fifth (5^{th}) Business Day following the satisfaction, or waiver by the Party entitled to the benefit thereof, of the conditions precedent set forth in Section 6.01 and Section 6.02 or (ii) such other date as Seller and Buyer may mutually agree in writing (*provided* that in either case, the other conditions to closing specified in Sections 6.01 and 6.02 are then satisfied or have been waived), the Transfer and Acceptance of the Purchased Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "Closing") that will be held at the offices of Seller at 4 Irving Place, New York, New York 10003, or such other place as the Parties may agree in writing (the date on which the Closing takes place being, the "Closing Date" and the date on which any Closing takes place being, a "Closing Date").

Section 2.07 Purchase Price.

(a) Determination of Purchase Price. The aggregate consideration (the "Purchase Price") to be paid by Buyer to Seller for the Purchased Assets shall be an amount, in cash, equal to the difference of (i) the sum of (A) Seller's regulatory net book value of the Development Assets, *plus* (B) the Fair Market Value of the Project Land Rights (which, for clarity, shall equal the rent payable under the Project Lease), *plus (C)* to the extent not reflected in (A) and (B), the Project Development C&E associated with such Purchased Assets, *less* (ii) the Closing Assumed Liability Amount, in each case as of the Closing Date and as calculated in accordance with this Agreement and subject to the adjustment in Section 2.10.

(b) Illustrative Estimated Signing Statement. Schedule I attached hereto sets forth a statement, as of the date of this Agreement (the "Illustrative Estimated Signing Statement") of the (i) projected regulatory net book value of each Purchased Asset or category of Purchased Assets (other than Project Land Rights) as of the Closing, to be derived from the financial books and records of Seller, and prepared in good faith in accordance with the accounting principles, methodologies and polices approved by the Applicable Regulatory Authority and, to the extent not inconsistent therewith, in accordance with FERC Uniform

System of Accounts and generally accepted accounting principles (collectively, the "Regulatory Methodologies"), (ii) the projected Closing Assumed Liability Amount, including the components thereof for each item of Indebtedness and each Assumed Liability, (iii) the projected Fair Market Value of each Project Land Right or category of Project Land Right, in accordance with the Regulatory Methodologies, as of the Closing, (iv) the projected Project Development C&E as of the Closing, and (v) the projected aggregate Purchase Price for Purchased Assets as of the Closing, calculated in accordance with this Section 2.07(b).

(c) Closing Calculation. No less than ten (10) Business Days prior to the anticipated Closing Date, Seller will cause to be prepared and delivered to Buyer: (i) an updated version of Section 1.01 (Permitted Liens), Section 2.01 or Section 2.02, as applicable, prepared and delivered in accordance with Section 2.11, reflecting all Purchased Assets that are to be Transferred to Buyer on the Closing Date (as it pertains to the Closing, the "Final Updated Schedule"), which Final Updated Schedule shall replace any prior Updated Schedule and, upon delivery and acceptance by Buyer pursuant to, and subject to the provisions of, Section 2.11, shall become a part of this Agreement and (ii) a statement, prepared in the same format as the Illustrative Estimated Signing Statement (the "Estimated Closing Statement"), as of the expected Closing Date of (A) the regulatory net book value of each such Purchased Asset or category of Purchased Assets (other than Project Land Rights), derived from the financial books and records of Seller as of the end of the most recently completed calendar month thereof, and prepared in good faith in accordance with the Regulatory Methodologies, (B) the Closing Assumed Liability Amount, including the components thereof for each item of Indebtedness and each Assumed Liability, (C) the Fair Market Value of each Project Land Right or category of Project Land Rights, as determined by the Expert and the Regulatory Methodologies, (D) the Project Development C&E associated with such Purchased Assets as of such date, and (E) the Purchase Price for the applicable Purchased Assets, as of the expected Closing Date, calculated in accordance with this Section 2.07(c).

(d) Access; Review Period. Seller shall, and shall cause its Representatives to, use its and their reasonable efforts to cooperate with Buyer and provide direct access to any information and documentation and other books and records, including work papers, and personnel and properties and other assets during normal business hours and upon reasonable notice to Seller, to assist Buyer in its review of the Estimated Closing Statement. Buyer shall have seven (7) Business Days from the date on which the Estimated Closing Statement is delivered to it (the "Estimated Closing Statement Review Period") to review the Closing Statement. Seller shall, and shall cause its Representatives to, upon request, provide Buyer with reasonable assistance in reviewing such statements, including by providing the other party and its representatives with access to such information (including any books and records) and personnel and Representatives of Seller as Buyer may reasonably request in connection with its review and, subject to, in the case of independent accountant work papers, Buyer entering into a customary release agreement with respect thereto; *provided* that Seller shall not be obligated to deliver any accountant work papers that such accounting firm does not consent to delivery thereof. Unless Buyer delivers written notice (an "Estimated Closing Statement Dispute Notice") to Seller on or prior to the last day of the Estimated Closing Statement Review Period stating that it objects to any item or items shown or reflected on the Closing Statement (which objections may only be based on (i) manifest arithmetic error or (ii) any calculation not having been made in accordance with the Regulatory Methodologies), and specifying in reasonable detail the item

or items to which it objects and the reasons therefor (the "Estimated Closing Statement Disputed Items"), the Final Updated Schedule shall be deemed final for purposes of determining the Purchase Price to be paid by Buyer at the Closing, subject to the adjustment in Section 2.10(e). In event of delivery of an Estimated Closing Statement Dispute Notice by Buyer, senior executives of Buyer (including any Manager of Buyer not appointed by an Affiliate of Seller), on the one hand, and Seller, on the other hand, shall attempt to resolve their differences arising from the Estimated Closing Statement Disputed Items, and any resolution agreed by them in writing shall be final for purposes of determining the Purchase Price to be paid by Buyer at the Closing, subject to the adjustment in Section 2.10(e); *provided*, *however*, that unless expressly agreed to in writing by Buyer, any such resolutions shall not modify or otherwise affect the rights of Buyer under Section 2.10, including the right to dispute any items. In the event that, for any reason, such senior executives are unable to amicably resolve all their differences in writing within ten (10) days (or such longer period as Buyer and Seller may agree in writing) following receipt of a Dispute Notice (the "Pre-Closing Resolution Period"), then the resolution of any remaining Estimated Closing Statement Disputed Items shall be resolved pursuant to Section 2.10 and the Final Updated Schedule delivered by Seller (as may be modified pursuant to the provisions of this Section 2.07(d)), shall be final for determining the Purchase Price to be paid by Buyer at the Closing, subject to the adjustment in Section 2.10(e). Unless otherwise agreed in writing by Buyer and Seller, the Closing shall not occur during the Pre-Closing Resolution Period. Notwithstanding the forgoing, nothing in this Section 2.07(d) shall limit the right of Buyer to assert that any of the conditions in Section 6.01 have not been satisfied and, unless expressly waived by Buyer in writing, no action taken (or failed to be taken) by Buyer pursuant to this Section 2.07(d) shall be deemed to be a waiver of such conditions.

(e) Updated Project Cost Statement; Closing Statement Support. Concurrently with the delivery of the Estimated Closing Statement for the Closing, Seller shall deliver to Buyer the Updated Project Cost Statement and shall also provide Buyer with: (i) summary information concerning charges to or expenses incurred by the Project from its inception, detailing, at a minimum, total direct labor, labor overhead, contractor/consultant, material, general and administrative expenses and other charges, and attaching invoices supporting such expenses and (ii) true and complete copies of all open purchase orders, together with a summary of major materials/contracting or consultant work purchased, amounts paid against open orders and balances owing against such orders.

(f) Prorations. To the extent permitted by applicable Law and the Regulatory Methodologies, the calculation of the regulatory net book value of any Purchased Asset pursuant to this Section 2.07 or Section 2.10 shall be made on the accrual basis of accounting, prorated from the end of the month immediately preceding the Closing or, if available, the month immediately following, the Closing.

Section 2.08 Closing Deliveries by Seller. At the Closing, Seller shall deliver (or cause to be delivered) to Buyer:

(a) Each Conveyance Document, duly executed by Seller, necessary to Transfer the Purchased Assets to Buyer and for Buyer to assume the Assumed Liabilities;

(b) Subject to Section 2.05, the consent of each third Person necessary to Transfer the Purchased Assets and for Buyer to assume the Assumed Liabilities;

(c) The Ancillary Agreements, duly executed by Seller;

(d) a certificate of good standing of Seller in the State of New York;

(e) a certificate of the secretary or other authorized officer of Seller, dated as of the Closing Date, and certifying that attached thereto are true and complete copies of all resolutions adopted by the board of trustees of Seller in connection with the transactions contemplated by this Agreement and all Conveyance Documents, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement and any Conveyance Documents;

(f) the certificate required by Section 6.02(c);

(g) a completed certification of non-foreign status pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations, duly executed by Seller;

(h) any mortgage release(s), affidavits, indemnities and information as Buyer or Buyer's title insurance company shall require in order to insure Buyer's title to the Land Rights to be Transferred in accordance with this Agreement; and

(i) all such other documents, agreements, instruments, writing and certificates as Buyer may reasonably request and as are necessary for Seller to satisfy its obligations hereunder.

Section 2.09 Closing Deliveries by Buyer. At the Closing, Buyer shall deliver (or cause to be delivered) to Seller:

(a) the Purchase Price, as calculated pursuant to Section 2.07, in cash, by wire transfer of immediately available funds, to an account or accounts as directed by Seller in writing prior to the Closing Date;

(b) any Ancillary Agreement, duly executed by Buyer;

(c) each Conveyance Document provided for in Section 2.08(a), duly executed by Buyer;

(d) a certificate of good standing of Buyer in the State of New York;

(e) a certificate of the secretary or other authorized Person on behalf of Buyer, dated as of the Closing Date, and certifying that attached thereto are true and complete copies of all resolutions adopted by the Board of Managers of Buyer in connection with the transactions contemplated by the Transaction Agreements, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by the Transaction Agreements;

(f) the certificate required by Section 6.01(c); and

(g) all such other documents, agreements, instruments, writings and certificates as Seller may reasonably request and as are necessary for Buyer to satisfy its obligations hereunder.

Section 2.10 Post-Closing Adjustment.

(a) No later than sixty (60) days after the Closing, Seller shall cause to be prepared and delivered to Buyer a statement, prepared in the same format as the Illustrative Estimated Signing Statement (the "Closing Statement"), as of the Closing Date, of (i) the regulatory net book value of each Purchased Asset or category of Purchased Assets (other than Project Land Rights) Transferred to Buyer at the Closing, derived from the financial books and records of Seller and as of the end of the most recently completed calendar month immediately after the Closing, and prepared in good faith in accordance with the Regulatory Methodologies, (ii) the Closing Assumed Liability Amount, including the components thereof for each item of Indebtedness and each Assumed Liability, (iii) the Fair Market Value of each Project Land Right or category of Project Land Rights Transferred to Buyer at the Closing, as determined by the Expert and the Regulatory Methodologies, (iv) the Project Development C&E associated with such Purchased Assets incurred up to and as of the Closing, and (iv) the Purchase Price for the applicable Purchased Assets, as of the Closing Date, calculated in accordance with Section 2.07. Concurrently with the delivery of the Closing Statement for the Closing, Seller shall deliver to Buyer the Updated Project Cost Statement as of the Closing and shall also provide Buyer any update to the information specified in Section 2.07(e).

(b) Buyer shall have ten (10) days from the date on which the Closing Statement is delivered to it (the "Review Period") to review the Closing Statement. Seller shall, and shall cause its Representatives to, upon request, provide the other Party with reasonable assistance in reviewing such statements, including by providing the other Party and its Representatives with access to such information (including any books and records) and personnel and Representatives of Seller as Buyer may reasonably request in connection with its review and, subject to, in the case of independent accountant work papers, Buyer entering into a customary release agreement with respect thereto; *provided* that Seller shall not be obligated to deliver any accountant work papers that such accounting firm does not consent to delivery thereof. Unless Buyer delivers written notice to Seller on or prior to the last day of the Review Period stating that it objects to any item or items shown or reflected on the Closing Statement (which objections may only be based on (i) manifest arithmetic error, (ii) any calculation not having been made in accordance with the Regulatory Methodologies, (iii) that any asset or Liability reflected on the Final Updated Schedule is not a Purchased Asset or Assumed Liability as defined in this Agreement and should not have been Transferred or assumed at the Closing, (iv) that the charges or expenses incurred by Seller for any Purchased Asset or Assumed Liability that are reflected in the Purchase Price or otherwise identified as Project Development C&E were incorrectly billed or allocated to the Project or otherwise do not constitute Project Development C&E as defined in this Agreement, and (v) that the Fair Market Value of any Project Land Right contained in the Closing Statement is inconsistent with the Fair Market Value of such Project Land Right in the regulatory filings approved by the NYPSC, and, in each case, specifying in reasonable detail the item or items to which it objects and the reasons therefor (such item or items, the "Disputed

Items" and such notice, the "Dispute Notice"), the Closing Statement shall be deemed accepted by Buyer and, without limiting Section 5.08, the calculations set forth therein shall be final, binding and conclusive for all purposes of determining the true-up payments in Section 2.10(e), if any.

(c) In the event of delivery of a Dispute Notice by Buyer, senior executives of Buyer (including a Manager of Buyer not appointed by an Affiliate of Seller), on the one hand, and Seller, on the other hand, shall attempt to resolve their differences arising from the Disputed Items, and any resolution agreed by them in writing shall be final, binding and conclusive for all purposes of determining the true-up payments in Section 2.10(e), if any. In the event that, for any reason, such senior executives are unable to amicably resolve all their differences in writing within ten (10) days (or such longer period as the Parties may agree in writing) following receipt of a Dispute Notice (the "Resolution Period"), any remaining Disputed Item not agreed in writing by the Parties shall be submitted to a partner of a nationally recognized independent accounting firm mutually agreed to by the Parties (or, in the event the Parties cannot so agree, as appointed by the AAA) (the "Independent Accountant"); *provided, however*, that any remaining Disputed Item related to any matter addressed in Section 2.10(b)(iii) shall not be submitted to the Independent Accountant and, in such case, any such Purchased Asset or Assumed Liability as reflected in the Closing Statement shall be final, binding and conclusive for all purposes of determining the true-up payments in Section 2.10(e), if any; *provided, further, however*, nothing in the foregoing shall limit the right of Buyer to commence an Action pursuant to Section 9.11 to resolve any such Disputed Item. If, for any reason, the Parties are unable to agree on the Disputed Items within the Resolution Period, each of Buyer, on the one hand, and Seller, on the other hand, shall prepare separate written reports of such Disputed Items and deliver such reports to the Independent Accountant within twenty (20) days after the later of the expiration of the Resolution Period and the date the Independent Accountant is retained. The Parties shall use their respective reasonable efforts to cause the Independent Accountant to, acting as an expert, as soon as practicable and in any event, barring exceptional circumstances, within thirty (30) days after receiving such written reports, determine the manner in which the Disputed Items shall be treated in the Closing Statements; *provided, however*, that the dollar amount of each item in dispute shall be determined within the range of dollar amounts proposed by Buyer, on the one hand, and Seller, on the other hand. The Parties acknowledge and agree that (i) the review by and determination of the Independent Accountant shall be limited to, and only to, the unresolved Disputed Items contained in the reports prepared and submitted to the Independent Accountant by the Parties and (ii) the determinations by the Independent Accountant shall be based solely on such reports submitted by the Parties and the basis for each Party's respective positions. Each Party agrees to enter into an engagement letter with the Independent Accountant containing customary terms and conditions for this type of engagement. The Parties shall use their commercially reasonable efforts to cooperate with and provide information and documentation, including work papers, to assist the Independent Accountant. Any such information or documentation provided by any Party to the Independent Accountant shall be concurrently delivered to the other Party, subject, in the case of independent accountant work papers, to such other Party entering into a customary confidentiality and release agreement with respect thereto. None of the Parties shall disclose to the Independent Accountant, and the Independent Accountant shall not consider for any purposes, any settlement discussions or settlement offers made by any of the Parties with respect to any objection under this Section 2.10. The determinations by the Independent Accountant as to the Disputed Items shall be in writing

and shall be an expert determination that is final, binding and conclusive for all purposes of determining the adjustments in this Section 2.10, if any, and such determination may be entered and enforced in any court of competent jurisdiction. The fees, costs and expenses of retaining the Independent Accountant shall be borne by Buyer, on the one hand, and Seller, on the other hand, in proportion to those matters submitted to the Independent Accountant that are resolved against Buyer, on the one hand, and Seller, on the other hand, and the allocation of such fees, costs and expenses shall be so determined by the Independent Accountant.

(d) No later than the fifth (5th) Business Day immediately following the resolution of all Disputed Items (or, if there is no dispute, promptly after the Parties reach agreement on the Closing Statement), Seller shall revise the Closing Statement to reflect the resolution of any Disputed Items (as so revised, the "Final Closing Statement") and shall deliver a copy thereof to Buyer. Buyer shall have five (5) Business Days from the date on which the Final Closing Statement is delivered to it to review the Final Closing Statement solely for purposes of confirming that such statements accurately reflect the prior resolution of all matters set forth in the Dispute Notice either by mutual agreement of the Parties or by the Independent Accountant, as applicable. The calculations of the Purchase Price as provided for in Section 2.07, and the amount of any True-Up Payment Amount pursuant to Section 2.10(e), once accepted by Buyer in the manner provided by the preceding sentence, shall be referred to as the "Final Statement."

(e) Effective upon the end of the Review Period (if a timely Dispute Notice is not delivered), or upon the resolution of all matters set forth in the Dispute Notice either by mutual agreement of the Parties or by the Independent Accountant, the Parties shall make the following true-up payments:

(i) If the True-Up Payment Amount is positive, within two (2) Business Days of the determination thereof Buyer shall transfer to Seller the amount of such True-Up Payment Amount, together with interest thereon from and including the Closing Date but not including the date of such transfer, computed at the Federal Funds Rate plus one hundred and fifty (150) basis points, by wire transfer of immediately available funds to an account or accounts designated in writing by Seller.

(ii) If the True-Up Payment Amount is negative, within two (2) Business Days of the determination thereof Seller shall transfer to Buyer an amount equal to the absolute value of such True-Up Payment Amount, together with interest thereon from and including the Closing Date but not including the date of such transfer, computed at the Federal Funds Rate plus one hundred and fifty (150) basis points, by wire transfer of immediately available funds to an account or accounts designated in writing by Buyer.

(f) As used in Section 2.10(e) the "True-Up Payment Amount" shall mean an amount (which may be positive or negative) equal to the difference of the Purchase Price reflected in the Final Statement, minus the Purchase Price paid by Buyer to Seller at the Closing.

(g) The Purchase Price, as reflected in the Final Statement, shall be allocated among the Purchased Assets Transferred to Buyer at the Closing in accordance with applicable Tax Law.

Section 2.11 Updating of Schedules.

(a) Subject to Section 2.10, from the date of this Agreement until the Closing, Seller shall update and deliver to Buyer at least monthly (and, within forty-five (45) days prior to the expected Closing Date, as promptly as practicable upon Seller becoming aware of any material matter addressed in (x) and (y) below that would require a Proposed Schedule Update), the Schedules referenced in Section 1.01 (Permitted Lien), Section 2.01, together, solely to the extent necessary, any update to any of the Schedules referenced in ARTICLE III (each, a "Proposed Schedule Update"), (w) to add any item to Schedule 1.01(Permitted Lien) pursuant to Section 2.10, (x) to reflect the acquisition of any asset that would constitute a Purchased Asset, the entry into any Contract that would constitute an Assumed Contract, the assumption of any Liability that would constitute an Assumed Liability, the taking of any action (or the failure to take any action) or the occurrence of any event, fact or circumstance, that would have been disclosed by Seller on such Schedules if such acquisition, entry, assumption, action, or occurrence had occurred prior to the date of this Agreement, (y) to remove an item from any Schedule to correct any manifest error of any item listed on any such Schedule that does not correspond to the specific description of a Purchased Asset or Assumed Liability or otherwise was not intended by the Parties to be a Purchased Asset or an Assumed Liability or to correct the Purchase Price not correctly calculated in accordance with the Regulatory Methodologies, and (z) to update any of the Schedules in pursuant to 2.11(a) (collectively, an "Updated Disclosure Item"); *provided, however*, that, with respect to clause (x) above, without the consent of Buyer, Seller may only include an Updated Disclosure Item if such acquisition, entry, assumption, action or occurrence: (i) substantially corresponds to a specific description of a Purchased Asset contained in Section 2.01(a), (b), (d), (e), (g), and (i); (ii) arose in the ordinary course of the Project Development of the Project; and (iii) did not arise out of or result from Seller breaching this Agreement, materially violating any applicable Law or failing to conduct the Project Development of the Project reasonably and in accordance with Good Utility Practice.

(b) Buyer shall have ten (10) Business Days (five (5) Business Days if within forty-five (45) days prior to the expected Closing Date) (any such period, the "Schedule Review Period") to review the Proposed Schedule Update and each Updated Disclosure Item, including the Proposed Schedule Update that will be the Final Updated Schedule to be delivered to Buyer pursuant to Section 2.07(c). Seller shall, and shall cause its Representatives to, upon request, provide Buyer and its Representatives reasonable assistance in reviewing the Proposed Schedule Update, including providing Buyer and its Representatives with access to such information (including any books and records) and personnel and Representatives of Seller as Buyer may reasonably request in its review and, subject to, in the case of independent accountant work papers, Buyer entering into a customary release agreement with respect thereto.

(c) Unless Buyer delivers written notice to Seller (a "Schedule Dispute Notice") on or prior to the last day of the Schedule Review Period stating that it objects to any Updated Disclosure Item contained therein, and specifying in reasonable detail the item or items to which it objects and the reasons therefor (such items or items, "Disputed Schedule Items"), the

Proposed Schedule Update shall be deemed to have updated the applicable Schedules referenced in Section 1.01(Permitted Lien), Section 2.01 and any of the Schedules referenced in Article III as specified in the Proposed Schedule Update (any such Schedule, an "Updated Schedule").

(d) Subject to Section 2.11(f), in event of delivery of a Schedule Dispute Notice by Buyer, senior executives of Buyer (including a Manager of Buyer not appointed by an Affiliate of Seller), on the one hand, and Seller, on the other hand, shall attempt to resolve their differences arising from the Disputed Schedule Items, and any resolution agreed by them in writing shall be deemed to have updated the applicable Schedules referenced in Section 1.01 (Permitted Lien), Section 2.01 and any of the Schedules referenced in Article III as specified in such writing (any such Schedule, also an "Updated Schedule"). In the event that, for any reason, such senior executives are unable to amicably resolve all their differences in writing within ten (10) days (or such longer period as the Parties may agree in writing) following receipt of a Schedule Dispute Notice (such period, the "Schedule Dispute Review Period"), Buyer shall have the right to commence an Action pursuant to Section 9.11 to resolve such Disputed Schedule Item; *provided*, *however*, that if Buyer does not exercise such right within ten (10) Business Days, any remaining Disputed Schedule Items after the Schedule Dispute Review Period shall be deemed to have updated the applicable Schedules referenced in Section 2.01 and any of the Schedules referenced in Article III as specified in the Proposed Schedule Update (any such Schedule, also an "Updated Schedule").

(e) Notwithstanding anything in this Section 2.11 to the contrary, nothing in this Section 2.11 (i) shall limit Section 5.08 or (ii) shall effect or modify (A) the representations and warranties of Seller contained in Article IV or the closing condition in Section 6.02(a) except as expressly set forth in such Updated Schedule or (B) the rights of Buyer under Section 2.07 and Section 2.10, including the right to dispute items thereunder.

(f) Notwithstanding anything in this Section 2.11 to the contrary, any Proposed Schedule Update by Seller to update the Schedule referenced in Section 1.01(Permitted Lien) to include a Lien as a scheduled Permitted Lien in clause (e) of the definition of Permitted Lien shall be subject to the approval of Buyer, in its sole discretion. If Buyer delivers a timely Schedule Dispute Notice pursuant to Section 2.11(d) with respect to such Proposed Schedule Update, such Proposed Schedule Update (with respect to the matters not approved by Buyer) shall not be deemed to be an Updated Schedule and such Lien giving rise to such Proposed Schedule Update shall not be considered a Permitted Lien. Nothing in the foregoing shall prevent any Purchased Asset encumbered by such Lien from being a Deferred Asset pursuant to Section 2.06.

(g) Any Updated Schedule made pursuant to and in compliance with this Section 2.11 shall be deemed to have updated the applicable Schedule set forth in such Updated Schedule as of the date of this Agreement for purposes of any representation and warranty made by the Parties pursuant to Article III and Article IV.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as of the date hereof and as of the Closing Date, unless otherwise specified, as follows:

Section 3.01 Organization and Good Standing. Seller is duly organized, validly existing and in good standing under the laws of the State of New York and is duly qualified to do business and is in good standing in all jurisdictions in which the nature of its business or properties makes such qualification necessary. Seller has the necessary corporate power and authority to own its properties, to carry on its business as now being conducted.

Section 3.02 Authority. Seller has the right, power and authority to enter into this Agreement, each Ancillary Agreement and each Conveyance Document and to perform its obligations hereunder and thereunder and, subject to the conditions set forth herein, to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each Ancillary Agreement and Conveyance Document and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles, regardless of whether enforceability is sought in a proceeding in equity or at law (the "Bankruptcy and Equity Exceptions"). Each Ancillary Agreement and Conveyance Document, when executed and delivered by Seller and the other Parties thereto, will constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, subject to the Bankruptcy and Equity Exceptions.

Section 3.03 Consents and Approvals; No Conflict.

(a) Except for any required filings with and approvals of applicable Governmental Authorities (as set forth in Section 6.01(d) hereof) and the other approvals and notices identified on Section 6.02(e), no filing or registration with, and no Permit, authorization, consent, order or approval of, any Governmental Authority is necessary or required in connection with the execution and delivery of this Agreement or any Ancillary Agreement or Conveyance Document by Seller or the consummation by Seller of the transactions contemplated hereby or thereby.

(b) Subject to making the filings and receipt of the approvals referenced in Section 3.03(a), neither the execution, delivery and performance of this Agreement, any Ancillary Agreement or Conveyance Document, nor the consummation of the transactions contemplated hereby and thereby will violate, breach or conflict with (or, in the case of clause (iii) below, give rise to a material default or right of cancellation, termination, acceleration or increased cost under or impose any Lien (other than a Permitted Lien)), (i) the Organizational Documents of Seller, (ii) violate any Law applicable to Seller or any of its Affiliates or any of its

or their respective assets or businesses or (iii) subject to obtaining the third party consents identified on Section 3.03(b) hereto, any material agreement or instrument applicable to or binding upon Seller or any of its assets, except, in the case of clauses (ii) and (iii) above, for such violations, breaches, conflicts, defaults, rights, increased costs, or Liens that, individually or in the aggregate, are not reasonably expected to have a material adverse effect on. or prevent or materially delay, the consummation of the transactions contemplated hereby.

Section 3.04 Litigation. There are no actions, disputes, claims, suits, complaints, mediations, arbitrations, investigations or other proceedings pending before any Governmental Authority (excluding the Applicable Regulatory Authorities) or, to the knowledge of Seller, threatened against or affecting Seller that relates to any Purchased Asset or the Project that would, if adversely determined, have a material adverse effect on the Project Development of the Project or the Purchased Assets or on Seller's ability to perform its obligations hereunder, under any Ancillary Agreement or any Conveyance Document, or on the validity or enforceability of this Agreement, any Ancillary Agreement or any Conveyance Document.

Section 3.05 Purchased Assets.

(a) As of the Closing Date, the Purchased Assets shall constitute all of the assets that Seller shall have developed, owned, leased or in which Seller shall have an interest as of such date that are related to the Project Development of the Project, except for such assets that are expressly contemplated to be retained by Seller pursuant to Section 2.02.

(b) Subject to receipt of the approvals referenced in Section 3.03, and taking into account the services and other benefits to be provided pursuant to any Ancillary Agreement, as of the date of the Closing Date, the Purchased Assets, together with the services or other benefits to made available pursuant to any Ancillary Agreement, will be sufficient to permit Buyer to continue the Project Development of the Project and thereafter own and operate the Project immediately after the Closing Date in substantially the manner contemplated (subject to such changes resulting from any approval specified in Section 3.03(a) in any order by a Government Authority).

(c) Prior to and from the date of this Agreement through the Closing Date, Seller has conducted the Project Development of the Project in accordance with Good Utility Practice, except for where the failure to do so would not reasonably be expected to have a material adverse effect on the Project Development of the Project.

(d) Except as would not reasonably be expected to have a material adverse effect on the Project Development of the Project, and subject to obtaining the consents in Section 3.03(b), immediately after the Closing, Buyer (i) will have good and valid title to or a valid right to use the Purchased Assets, free and clear of all Liens (other than Permitted Liens) and (ii) be lawfully possessed of the Project Land Rights.

(e) As of the Closing Date, except for those rights granted by this Agreement, any Transaction Agreement or any Conveyance Document, no Person has any rights to acquire or lease all or any portion of any Purchased Asset owned or otherwise held by Seller as of such dates, or obtain any interest therein (other than any rights pursuant to a Permitted

Lien), and no Person has any outstanding options, rights of first refusal or first offer or rights of reverter, or any other similar rights with respect to any Purchased Asset.

Section 3.06 Environmental Information. As of the date of this Agreement and as of the Closing Date, Seller has provided to Buyer all readily available Environmental Information related to the Project in its possession or under its control as of such dates (including any Project Land Rights to be conveyed under this Agreement).

Section 3.07 Regulatory Net Book Value; Closing Assumed Liability Amount.

(a) When delivered in accordance with the terms of this Agreement, the regulatory net book value of each Purchased Asset or category of Purchased Assets (other than Project Land Rights) that will be contained in the Estimated Closing Statement and the Closing Statement, shall have been prepared in good faith by Seller and shall have been derived from Seller's financial books and records and (iii) shall present fairly, in all material respects, the regulatory net book value of each such Purchased Asset or category of Purchased Assets as of the dates stated in the Illustrative Estimated Closing Statement or the Closing Statement, as applicable.

(b) When delivered in accordance with the terms of this Agreement, the Closing Assumed Liability Amount that will be contained in the Estimated Closing Statement and the Closing Statement (A) shall have been prepared in good faith by Seller and shall have been derived from Seller's financial books and records and (B) shall present fairly, in all material respects, the Closing Assumed Liability Amount as of the dates stated in the Estimated Closing Statement and the Closing Statement, as applicable.

Section 3.08 Compliance With Laws. Except as would not reasonably be expected to have a material adverse effect on the Project Development of the Project, the Project Development of the Project has been conducted in compliance with all applicable Laws; provided, however, that no representation or warranty is made in this Section 3.08 as to compliance with, or liability under or with respect to, Environmental Law or Hazardous Materials.

Section 3.09 Assumed Contracts.

(a) As of the date of this Agreement and the Closing Date, each Contract to be assumed by Buyer at the Closing (each such Contract being, an "Assumed Contract"), is a legal, valid and binding obligation of, and enforceable against Seller and, to the knowledge of Seller, each other party thereto, and is in full force and effect in accordance with its terms, except for (i) terminations or expirations at the end of the stated term in the ordinary course of business consistent with past practice or (ii) such failures to be legal, valid and binding or to be in full force and effect that would not reasonably be expected, individually or in the aggregate, to have a material adverse effect on the Project Development of the Project, in each case, subject to the Bankruptcy and Equity Exceptions.

(b) As of the date of this Agreement and the Closing Date, Seller is in compliance with all terms and requirements of each Assumed Contract, and no event has occurred, with notice or passage of time, or both that would constitute a breach or default by

Seller under any such Assumed Contract, and, to the knowledge of Seller, no other party to any Assumed Contract is in breach or default (or has any event occurred which, with the notice or the passage of time, or both, would constitute such a breach or default) under any Assumed Contract, except in each case where such violation, breach, default or event of default would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Project Development of the Project.

(c) None of the Assumed Contracts purports to limit or otherwise restrict in any material respect Buyer or any of the members of Buyer (or any of their respective Affiliates) from competing or engaging in any business or contains any exclusivity or non-solicitation provisions that would be binding on Buyer, any member of Buyer or any of their respective Affiliates (other than non-solicitation provisions restricting the solicitation or hiring of the counterparties' employees that would be binding only upon Buyer and not its members or their respective Affiliates).

(d) No Affiliate of Seller is a party to any Assumed Contract, or has any economic interests in any Assumed Contract separate from the interest of Seller in such Assumed Contract.

(e) On or prior to the Closing Date, Seller shall have provided Buyer true and complete copies of all Assumed Contracts as of such date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as of the date hereof and as of the Closing Date as follows:

Section 4.01 Organization and Good Standing. Buyer is duly organized, validly existing and in good standing under the laws of the State of New York and is duly qualified to do business and is in good standing in all jurisdictions in which the nature of its business or properties makes such qualification necessary. Buyer has the necessary limited liability company power and authority to own its properties, to carry on its business as now being conducted and as proposed to be conducted.

Section 4.02 Authority. Buyer has the right, power and authority to enter into this Agreement and any Ancillary Agreement and each Conveyance Document to which it is party and to perform its obligations hereunder and thereunder and, subject to the conditions set forth herein, to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement, any Ancillary Agreement and each Conveyance Document to which it is party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary limited liability company action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the Bankruptcy and Equity Exceptions. The O&M Agreement and each Conveyance Document to which Buyer is party, when executed and delivered by Buyer and the other Parties

thereto, will constitute the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, subject to the Bankruptcy and Equity Exceptions.

Section 4.03 Consents and Approvals; No Conflict.

(a) Except for any required filings with and approvals of applicable Governmental Authorities (as set forth in Section 6.02(d) hereof) and the other approvals and notices identified on Section 6.02(e), no filing or registration with, and no permit, authorization, consent, order or approval of, any Governmental Authority is necessary or required in connection with the execution and delivery of this Agreement or any Ancillary Agreements by Buyer or the consummation by Buyer of the transactions contemplated hereby or thereby.

(b) Subject to making the filings and receipt of the approvals in referenced in Section 4.03(a), neither the execution, delivery and performance of this Agreement, any Ancillary Agreement and each Conveyance Document, nor the consummation of the transactions contemplated hereby and thereby, will violate, breach or conflict with (or, in the case of clause (iii) below, give rise to a material default or right of cancellation, termination, acceleration or increased cost under or impose any Lien (other than a Permitted Lien)), (i) the Organizational Documents of Buyer, (ii) any applicable Law applicable to Buyer or any Affiliate of Buyer or any of its or their respective assets or business or (iii) any material agreement or instrument applicable to or binding upon Buyer or any of its assets, except, in the case of clauses (ii) and (iii) above, for such violations, breaches, defaults, rights, increased costs, or Liens that, individually or in the aggregate, are not reasonably expected to have a material adverse effect on, or prevent or materially delay, the consummation of the transactions contemplated hereby.

Section 4.04 Litigation. There are no actions, disputes, claims, suits, complaints, mediations, arbitrations, investigations or other proceedings pending before any Governmental Authority (excluding the Applicable Regulatory Authorities) or, to the knowledge of Buyer, threatened against or affecting Buyer that would, if adversely determined, have a material adverse effect on the Project Development of the Project and Purchased Assets on Buyer's ability to perform its obligations hereunder or under any Ancillary Agreement, or on the validity or enforceability of this Agreement, any Ancillary Agreement or any Conveyance Document to which it is party.

Section 4.05 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN ARTICLE III, BUYER ACKNOWLEDGES THAT ALL OF THE PURCHASED ASSETS ARE BEING SOLD TO BUYER "AS IS", "WHERE IS" AND "WITH ALL FAULTS" AND THAT SELLER IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, INCLUDING WITH RESPECT TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT OF, OR TITLE TO, THE PURCHASED ASSETS, OR ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. BUYER IS A SOPHISTICATED PARTY AND HAS CONDUCTED ITS OWN DUE DILIGENCE INVESTIGATION OF THE PURCHASED ASSETS AND THE ASSUMED LIABILITIES. ANY WARRANTIES PROVIDED BY MANUFACTURERS, ENGINEERS, LICENSORS OR OTHER THIRD PARTIES RELATED TO OR INCLUDED AMONG THE PURCHASED ASSETS DO NOT CONSTITUTE WARRANTIES OF SELLER

AND SELLER MAKES NO REPRESENTATION OR WARRANTY REGARDING THE VALIDITY OR ENFORCEABILITY OF SUCH WARRANTIES.

ARTICLE V

COVENANTS

Section 5.01 Governmental and Other Consents and Approvals.

(a) Upon the terms and subject to the conditions of this Agreement, each of the Parties shall cooperate with the other and use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective, as soon as practicable after the date of this Agreement, the transactions contemplated by this Agreement, any Ancillary Agreement and the Conveyance Documents. Without limiting the generality of the forgoing, upon the terms and subject to the conditions of this Agreement, from the date of this Agreement until the date of the Closing, each of the Parties shall use commercially reasonable efforts to: (i) promptly prepare and file all necessary documentation to effectuate all necessary filings, applications, notices, petitions and other documents, and otherwise to seek and obtain (and take all such other actions as may be required or requested by any Governmental Authority to seek and obtain, including promptly complying with any reasonable information or document requests from any Governmental Authority) all authorizations, consents, approvals and orders of, or exemptions or non-oppositions by, any Governmental Authority required to be obtained or made by Seller or Buyer in connection with this Agreement, any Ancillary Agreement or the Conveyance Documents or the taking of any action contemplated hereby or thereby; (ii) avoid the entry of, or to effect the dissolution of, any decree, order, judgment, injunction, temporary restraining order or other order in any suit or proceeding (each, an "Order") that would otherwise have the effect of preventing or materially delaying the consummation of the transactions contemplated by this Agreement; and (iii) defend any lawsuits or other legal or regulatory proceedings, whether judicial or administrative, challenging this Agreement, any Ancillary Agreement, the Conveyance Documents or the transactions contemplated hereby or thereby, whether brought by a Governmental Authority or any third party. The Parties shall provide to any Governmental Authority notice of any actions under this Agreement that are required by applicable Law. In connection with the foregoing, Buyer shall have the right to review and approve in advance all characterizations of the information relating to the Project or Buyer, on the one hand, and Seller shall have the right to review and approve in advance all characterizations of the information relating to Seller or the Project, on the other hand, which appear in any filing made with any Governmental Authority in connection with the transactions contemplated by this Agreement (such approvals not to be unreasonably withheld, delayed or conditioned), in each case in a manner that protects attorney-client or attorney-work-product privilege. The Parties shall consult with one another with respect to the obtaining of all such approvals of Governmental Authorities and shall keep each other informed of the status thereof. The Parties will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as each may reasonably request of the other in connection with the foregoing. Notwithstanding the foregoing, no party shall be required to take any action (or not take any action) pursuant to this Section 5.01(a) that would cause any conditions to Closing of such Party in Article VI not to be satisfied.

(b) The Parties agree to cooperate and use commercially reasonable efforts to obtain any other consent and approval that may be required in connection with the transactions contemplated hereby*; provided, however*, that Seller shall not be required to compensate any third party in any material amount, commence or participate in litigation or offer or grant any material accommodation (financial or otherwise) to any third party to obtain any such consent or approval unless Buyer agrees to an adjustment in the Purchase Price hereunder in an amount equal to, or otherwise compensate Seller for, the costs incurred by Seller in connection therewith.

Section 5.02 Access to Purchased Assets.

(a) Seller shall, from the date hereof until the Closing Date, allow Buyer and its designees (subject to their compliance with Seller's safety and security procedures and provided they are accompanied by one or more escorts of Seller) access at reasonable times and places to any and all of the Purchased Assets for the purpose of inspecting the same, to the extent permitted by applicable Law, for any reasonable purpose related to this Agreement or any Conveyance Document*; provided* that any books and records or other information that is subject to an attorney-client or other legal privilege or obligation of confidentiality or non-disclosure shall not be made so accessible (*provided* that in any such event Seller shall notify Buyer in reasonable detail of the circumstances giving rise to any such privilege or obligation and use commercially reasonable efforts to seek to permit disclosure of such information, to the extent possible, in a manner consistent with such privilege or obligation).

(b) Buyer shall indemnify, defend and hold harmless Seller and Seller Indemnified Parties from and against any and all Losses suffered or incurred by any of them as a result of, or arising out of, such access, including for personal injury (including death) or damage to property (including under Environmental Law), except to the extent such Loss is the result of, or arising out of, the gross negligence or willful misconduct of any Seller Indemnified Party.

(c) Without limiting the foregoing, Buyer shall have the right, at its own cost and expense, to undertake Phase I and Phase II environmental investigations of the Purchased Assets prior to the Closing; provided that (subject to performance of Seller of its obligations hereunder), Buyer shall conclude such investigations within ninety (90) days after the date hereof. Seller shall reasonably cooperate with Buyer with respect to such investigation and shall provide to Buyer, at Buyer's request, readily available information in its possession to assist with such investigations, including information that may be necessary to properly conduct any surface or subsurface sampling at the Purchased Assets. Buyer shall indemnify and hold Seller harmless for any Loss caused by such investigation, excluding damages caused by Seller's negligence, intentional misconduct or failure to provide Buyer with readily available Environmental Information in its possession.

Section 5.03 Title Reports. Promptly (and in any event within ten (10) days after the date hereof or the receipt of an Updated Schedule with respect to any Project Land Right, Buyer may elect to obtain (or cause Seller to obtain), in each case at Buyer's expense, current ALTA surveys and reports of title (the "Title Reports") with respect to any Project Land Rights to be acquired by Buyer. Seller shall reasonably cooperate with Buyer's efforts to obtain such ALTA surveys and Title Reports. Buyer shall have the right, in its sole discretion, on or

before 5:00 pm on the date that is forty-five (45) days after the date of this Agreement (or fifteen (15) days after its receipt of an Updated Schedule with respect to any Project Land Right), to make written objection (the "Objection Notice") to title or survey matters regarding any such Project Land Right that are Liens (other than Permitted Liens) or any matters required to be cured or removed by the NYPSC or other Governmental Authority. Such notice must specify the reason such matter(s) are not satisfactory and the curative steps necessary to remove the basis for Buyer's disapproval of same. The Parties shall make such arrangements or take such steps as they shall mutually agree to satisfy Buyer's title objection(s*); provided, however,* that Seller shall reasonably cooperate with Buyer but shall have no obligation whatsoever to expend or agree to expend any funds, to undertake or agree to undertake any obligations, or otherwise to attempt to cure or agree to attempt to cure any objections, except such objections as are made with respect to (a) any exception or Liens that are not Permitted Liens, (b) any matters first appearing of record after the Objection Notice and voluntarily created by Seller without the consent of Buyer, (c) any matters affecting title to such Project Land Right that were not voluntarily created by Seller but may be satisfied by the payment of money, or (d) any matters required to be cured or removed by the NYPSC or other Governmental Authority (collectively, "Title Matters"). Notwithstanding the foregoing, Buyer shall be solely responsible for any and all costs, including reasonable administrative costs incurred by Seller in curing such Title Matters. Should Buyer and Seller fail to mutually satisfy Buyer's objections before the Closing, then Buyer may elect in writing to either accept such Title Matter or to treat such Project Land Right as a Deferred Asset pursuant to Section 2.05; *provided* that no such election to treat such Project Land Right as a Deferred Asset will be deemed to have caused the Closing conditions in Section 6.02(a), Section 6.02(e)(ii) or to have been satisfied unless, after giving effect to the foregoing and the provisions of Section 2.06, Buyer, without being in breach of Contract or applicable Law, will be able to continue, in all material respects, the Project Development of the Project. Objections regarding Title Matters, other than any matters first appearing of record after the Objection Notice and voluntarily created by Seller without the consent of Buyer, (x) that are not included in a timely Objection Notice given by Buyer to Seller, or (y) to which a timely Objection Notice was given but which Buyer has agreed in writing to accept, shall be considered Permitted Liens.

Section 5.04 Casualty; Condemnation.

(a) Subject to Section 5.04(c), if any Purchased Asset is damaged by fire or other casualty at or prior to the Closing for such Purchased Asset (a "Casualty Event"), such Purchased Asset shall be Transferred at the Closing and the Purchase Price shall not be adjusted; *provided* that (i) Buyer shall receive an assignment of all right, title and interest in and to any insurance proceeds relating to such Casualty Event (after deducting any costs and expenses incurred by Seller in connection with pursuing the underlying claim) and (ii) Seller shall remain liable to pay Buyer any additional amounts necessary (either as a consequence of the application of deductibles, self-insurance or otherwise of Seller) to complete restoration; *provided, further, however*, that Seller's maximum obligation (including any insurance proceeds) to restore such Purchased Asset shall not exceed the regulatory net book value or Fair Market Value, as applicable, of such Purchased Asset, as reflected in the Final Statement.

(b) In the event that any Purchased Asset is subject to condemnation or taking by eminent domain in any Action settled, consented to or finally adjudicated prior to the Closing Date, such Purchased Asset shall not be conveyed to Buyer at the Closing (and the

Purchase Price shall be adjusted accordingly), and Seller shall be entitled to any compensation, payment or other relief in connection therewith; *provided* that an underlying Action shall be considered finally adjudicated when an order determining any compensation, payments or other relief to be paid with respect to such Action has been issued by a court of competent jurisdiction and has become nonappealable.

(c) Notwithstanding anything in Section 5.04(a) and Section 5.04(b) to the contrary, Buyer shall have the right to terminate this Agreement after a Casualty Event pursuant to Section 8.01(f) if such Casualty Event has had a material adverse effect on the Project Development of the Project.

Section 5.05 Enforcement of Warranties. The Parties acknowledge that the Contracts identified on Schedule 5.05 are Multifunction Contracts, none of which are being assigned to Buyer (in whole or in part) hereunder and all of which shall constitute Excluded Assets. Notwithstanding the foregoing, Seller covenants and agrees, from and after the Closing and for so long as the same are enforceable by Seller, to use commercially reasonable efforts, at Buyer's request and expense, to (a) enforce for the benefit of Buyer any and all rights and claims under warranties given thereunder and under any other nontransferable warranties extended by manufacturers, suppliers, vendors, contractors and other counterparties under any Assumed Contract, in each case to the extent applicable to any Purchased Asset, and (b) promptly remit to Buyer any and all amounts actually recovered (net of Seller's costs and expenses of collection) in connection therewith*; provided, however, that* Seller shall not be required to institute any legal action against the grantor of the warranty to fulfill its obligations under this Section 5.05.

Section 5.06 Use Relating to Land Rights Acquired Through Eminent Domain. To the extent that the Purchased Assets includes Land Rights acquired by Seller through eminent domain proceedings, then from and after the Closing, Buyer shall maintain and use such Land Rights in a manner consistent with the public purpose for which the property was acquired.

Section 5.07 Confidentiality.

(a) Until the Closing (or, if for any reason the sale and purchase of the Purchased Assets is not consummated, until the date that is three (3) years after the date on which this Agreement is terminated (or, in the case of Protected Critical Infrastructure Information, indefinitely), Buyer shall hold, and shall cause its members, managers, officers, directors, employees, agents, consultants and advisors (collectively, "Representatives") to hold, in strict confidence, and not to disclose or release or use, for any purpose other than as expressly permitted by this Agreement, any and all Confidential Information, without the prior written consent of Seller; *provided* that Buyer may disclose, or may permit disclosure of, Confidential Information (other than Protected Critical Infrastructure Information) (i) to those of its auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information for auditing, financial statement preparation and other non-commercial purposes, (ii) if required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) to the extent necessary in connection with required or routine reporting to its potential or current members, partners and lenders or other financial or capital sources or (iv) to the extent necessary in connection with any proposed merger, sale of assets, business combination, financing, or other

similar transaction in which Buyer may become a party; *provided* that in each such case (other than the case of clause (ii) above), the recipients of such information are bound by professional obligation or written agreement to hold such information confidential at least to the same extent as Buyer is obligated under this Section 5.07, and *provided, further*, that Buyer shall in all events remain liable for any failure by such recipients to comply with such obligation.

(b) Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to Section 5.07(a), Buyer shall promptly notify Seller of the existence of such request or demand and shall, if not prohibited by applicable Law and reasonably practicable, provide Seller with thirty (30) days to seek an appropriate protective order or other remedy, which the Parties will use commercially reasonable efforts to cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, Seller shall or shall cause Buyer to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information. With respect to regulatory requests received in the ordinary course, Buyer shall use at least the same degree of care (which in no event shall be less than reasonable care) in connection with demands or requests for the disclosure of Seller's Confidential Information as it uses to protect its own similar Confidential Information in connection with similar regulatory requests. In the event this Agreement is terminated for any reason and the sale and purchase of any Purchased Assets is not consummated, Buyer shall promptly destroy, and certify as to the destruction of, any and all Confidential Information in its possession, upon receipt of Seller's written request.

(c) Any Environmental Information Transferred to Buyer by Seller at the Closing (or otherwise provided to Buyer by Seller) that contains any proprietary or Confidential Information shall be so Transferred or provided under a joint defense agreement between Buyer and Seller, in a form reasonably satisfactory to the Parties.

Section 5.08 Further Action. Prior to the Closing, and subject to the terms and conditions of this Agreement, each Party (a) shall execute and deliver, or cause to be executed and delivered, such documents and other papers and shall take, or cause to be taken, such further actions as may reasonably be required to carry out the provisions of this Agreement, each Ancillary Agreement and Conveyance Document and give effect to the transactions contemplated hereby and thereby and (b) shall refrain from taking any actions that would reasonably be expected to impair, delay or impede the transaction contemplated by this Agreement. For two (2) years following the Closing, the Parties shall execute, acknowledge and deliver all reasonable further conveyances, notices, assumptions, releases and acquittances and such instruments, and shall take such reasonable actions as may be necessary or appropriate to make effective the transactions contemplated hereby as may be reasonably requested by the other Party, including using commercially reasonable efforts to (i) transfer back to Seller any asset or liability not contemplated by this Agreement to be a Purchased Asset or an Assumed Liability, respectively, which asset or liability was transferred to Buyer at Closing and (ii) transfer to Buyer any asset or liability contemplated by this Agreement to be a Purchased Asset or an Assumed Liability, respectively, which was not transferred to Buyer at the Closing; *provided, however*, that in either case, the Purchase Price paid in connection therewith is in an amount consistent with Section 2.08.

ARTICLE VI

CONDITIONS TO CLOSING

Section 6.01 Conditions to Obligation of Seller. The obligation of Seller to consummate the transactions contemplated at the Closing shall be subject to the fulfillment or waiver by Seller in its sole discretion, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects on the Closing Date with the same effect as if made on such Closing Date.

(b) Covenants. Buyer shall have performed and complied in all material respects with its covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) Officer's Certificate. An officer of Buyer shall have delivered a certificate, dated as of such Closing Date, signed by such officer on behalf of Buyer confirming the satisfaction of the conditions contained in subsections (a) and (b) of this Section 6.01.

(d) Governmental Approvals. (i) The Transfer of the Project Land Rights hereunder shall have received the approval of the NYPSC under Section 70 of the New York State Public Service Law to the extent required, in the form and substance reasonably satisfactory to Seller, and (ii) any waiting period under the HSR Act, to the extent applicable, shall have expired or been earlier terminated.

(e) Other Required Approvals. (i) All consents, approvals and permits listed on Schedule 6.02(e) shall have been obtained or received and (ii) all other consents, approvals and permits of a Governmental Authority (other than those identified in Schedule 6.02(e)) required to be obtained prior to the Closing to transfer the Purchased Assets shall have been obtained unless, in the case of this clause (ii), the failure to receive any such consents, approvals and permits would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on Seller.

(f) No Governmental Order. (i) No Order entered by or with any Governmental Authority of competent jurisdiction that prohibits or materially restrains the consummation of the transactions contemplated hereby shall have been issued and remain in effect and (ii) no Law shall have been enacted or entered by any Governmental Authority that prohibits or makes illegal the consummation of the transactions contemplated hereby.

(g) Closing Deliverables. Buyer shall have received the certificates, documents and other items to be delivered to it pursuant to Section 2.08.

Section 6.02 Conditions to Obligation of Buyer. The obligation of Buyer to consummate the transactions contemplated at the Closing shall be subject to the fulfillment or waiver by Buyer in its sole discretion, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date (except for any representation or warranty made as of a specific date, which shall be so true and correct in all material respects only as of such specific date).

(b) Covenants. Seller shall have performed and complied in all material respects with its covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) Officer's Certificate. An officer of Seller shall have delivered a certificate dated as of the Closing Date signed by such officer on behalf of Seller, confirming the satisfaction of the conditions contained in subsections (a) and (b) of this Section 6.02.

(d) Governmental Approvals. (i) The Transfer of the Project Land Rights hereunder shall have received the approval of the NYPSC under Section 70 of the New York State Public Service Law to the extent required, in the form and substance reasonably satisfactory to Buyer, and (ii) any waiting period under the HSR Act, to the extent applicable, shall have expired or been earlier terminated.

(e) Other Required Approvals. (i) All consents, approvals and permits listed on Schedule 6.02(e) shall have been obtained or received and (ii) all other consents, approvals and permits of a Governmental Authority (other than those identified in Schedule 6.02(e)) required to be obtained prior to the Closing to transfer the applicable Purchased Assets shall have been obtained unless, in the case of this clause (ii), the failure to receive any such consents, approvals and permits would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the Project or its Project Development.

(f) No Governmental Order. (i) No Order entered by or with any Governmental Authority of competent jurisdiction that prohibits or materially restrains the consummation of the transactions contemplated hereby shall have been issued and remain in effect and (ii) no Law shall have been enacted or entered by any Governmental Authority that prohibits or makes illegal the consummation of the transactions contemplated hereby.

(g) Updated Project Cost Estimate Amount. If at the Closing the Updated Project Cost Estimate Amount multiplied by 1 + the Applicable Variance exceeds the Maximum Capital Contribution Amount applicable to the Project, then the Requisite Approval of Buyer's Board of Managers shall have been obtained and remain in effect.

(h) Satisfaction of LLCA Condition; Public Policy Planning Process. (i) The conditions described in Exhibit M to the LLCA shall have been satisfied and, with respect to the Final Orders referenced therein, such Final Orders shall have remained in full force and effect and (ii) the Project shall have been approved by or exempted from participation in the New York Independent System Operator Public Policy Planning Process.

(i) Title Reports. If Buyer shall have elected to obtain ALTA surveys and Title Reports with respect to any Project Land Rights pursuant to (and within the time periods required by) Section 5.03(c), then such Title Reports shall not have identified any Liens

with respect to any Project Land Right that, notwithstanding any treatment of such Project Land Right as a Deferred Asset pursuant to Section 2.05, will have material adverse effect on the Project Development of the Project.

(j) Environmental Material Adverse Effect. If Buyer shall have elected to perform Phase I or Phase II environmental investigations of the Purchased Assets pursuant to (and within the time periods required by) Section 5.02(c), then such investigations, together with any other Environmental Information provided by Seller to Buyer, shall not have identified any conditions with respect to the Purchased Assets that will have have a material adverse effect on the Project Development of the Project.

(k) Closing Deliverables. Seller shall have received the certificates, documents and other items to be delivered to it pursuant to Section 2.09.

Section 6.03 Frustration of Closing Conditions. Neither Buyer, on the one hand, nor Seller, on the other hand, may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by, or was the result of, its breach of this Agreement.

ARTICLE VII

INDEMNIFICATION

Section 7.01 Survivability. The representations and warranties of Seller and Buyer contained in or made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement and all claims and cause of actions with respect thereto shall survive until the Survival Termination Date; *provided* that the representations and warranties and all claims and causes of actions with respect thereto contained in Sections 3.01, 3.02, 4.01, and 4.02 shall survive indefinitely to the maximum extent permitted by applicable Law. The covenants and agreements made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement that contemplate actions to be taken or restrict certain actions from being taken at or prior to the Closing shall be performed or complied with in their entirety at or prior to the Closing, and all claims and causes of action made with respect thereto shall survive until the Survival Termination Date. The covenants and agreements made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement that contemplate actions to be taken or restrict certain actions from being taken, in whole or in part, after the Closing are to be performed or complied with in whole or in part following the Closing and shall survive for the period provided in such covenants and agreement, if any, or until performed in accordance with their respective terms, and all claims and causes of actions with respect thereto shall survive for eighteen (18) months after such date. For purposes of this Agreement, the "Survival Termination Date" shall mean the date that is eighteen (18) months after the Closing Date. Notwithstanding the foregoing, if a claim notice meeting the requirements of Section 7.04 with respect to indemnification under this Article VII shall have been given pursuant to Section 9.02 within the applicable survival period, the representations, warranties, covenants and agreements that are the subject of such indemnification claim shall survive with respect to such claim notice until it is finally and fully resolved. The Parties expressly agree that the provisions of this Section 7.01 shall operate as a contractual statute of limitations.

Section 7.02 Seller Indemnification. From and after the Closing, subject to the further provisions of this Article VII, Seller shall indemnify, defend and hold harmless Buyer and its officers, managers, members, employees, agents and representatives (collectively, "Buyer Indemnified Parties") from and against any Loss actually incurred or suffered by Buyer Indemnified Parties to the extent arising out of or related to:

(a) the breach of any representation or warranty made by Seller contained in this Agreement or in any Conveyance Document at the Closing Date;

(b) the breach or failure by Seller to perform, or cause to be performed, any of its covenants or obligations contained in this Agreement;

(c) subject to Section 7.02(d), any Excluded Liability, except to the extent Buyer is obligated to indemnify Seller pursuant to Section 7.03(a) or Section 7.03(c); and

(d) any Excluded Environmental Liability, except to the extent Buyer is 9obligated to indemnify Seller pursuant to Section 7.03(a) or Section 7.03(d).

Section 7.03 Buyer Indemnification. From and after the Closing, subject to the further provisions of this Article VII, Buyer shall indemnify, defend, and hold harmless Seller and its officers, directors, trustees, equity holders, employees, agents and representatives (collectively, "Seller Indemnified Parties") from and against any Loss actually incurred or suffered by Seller Indemnified Parties to the extent arising out of or related to:

(a) the breach of any representation or warranty made by Buyer contained in this Agreement or in any Conveyance Document at the Closing Date;

(b) the breach or failure by Buyer to perform, or cause to be performed, any of its covenants or obligations contained in this Agreement;

(c) subject to Section 7.03(d), any Assumed Liability, except to the extent Seller is obligated to indemnify Buyer pursuant to Section 7.02(a) or Section 7.02(d); and

(d) any Assumed Environmental Liability, except to the extent Seller is obligated to indemnify Buyer pursuant to Section 7.02(a) or Section 7.02(d).

Section 7.04 Notification of Claim. A Person that may be entitled to indemnification hereunder (the "Indemnified Party") shall promptly notify the party or parties liable for such indemnification (the "Indemnifying Party") in writing of any pending or threatened claim or demand that the Indemnified Party has determined has given or would reasonably be expected to give rise to a right of indemnification hereunder (including a pending or threatened claim or demand asserted by a third party against the Indemnified Party, such claim being a "Third Party Claim"), describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or demand; *provided, however*, that the failure to provide such notice shall not release the Indemnifying Party from its obligations under this Article VII except to the extent that the Indemnifying Party is actually prejudiced by such failure.

Section 7.05 Indemnification Procedures.

(a) Third Party Claim. Upon receipt of notice of a claim for indemnity from an Indemnified Party pursuant to Section 7.03, the Indemnifying Party shall have the right to assume the defense and control any Third Party Claim, but shall allow the Indemnified Party a reasonable opportunity to participate in the defense of such Third Party Claim with its own counsel and at its own expense; *provided* that if (i) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and, in the reasonable opinion of counsel to the Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (ii) in the reasonable opinion of counsel to the Indemnified Party, such Third Party Claim involves the potential imposition of criminal liability on the Indemnified Party, then, in each such case, the applicable Indemnified Parties shall be entitled to participate in any such defense with one separate counsel at the reasonable expense of the Indemnifying Party. The Indemnifying Party shall select counsel of recognized standing and competence after consultation with the Indemnified Party and shall take all reasonably necessary steps in the defense or settlement of such Third Party Claim. The Indemnifying Party shall be authorized to consent to a settlement of, or the entry of any judgment arising from, any Third Party Claim, without the consent of any Indemnified Party, *provided* that the Indemnifying Party shall (A) pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness of such settlement, (B) not encumber any of the material assets of any Indemnified Party or agree to any restriction or condition that would apply to or materially adversely affect any Indemnified Party or the conduct of any Indemnified Party's business, (C) obtain, as a condition of any settlement or other resolution, a complete release of any Indemnified Party potentially affected by such Third Party Claim and (D) ensure that the settlement does not include any admission of wrongdoing or misconduct.

(b) Non-Third Party Claims. In the event any Indemnifying Party receives a notice of a claim for indemnity from an Indemnified Party pursuant to Section 7.03 that does not involve a Third Party Claim, the Indemnifying Party shall notify the Indemnified Party within thirty (30) days following its receipt of such notice if the Indemnifying Party disputes its liability to the Indemnified Party under this Article VII. If the Indemnifying Party does not so notify the Indemnified Party, then the claims specified by the Indemnified Party in such notice shall be conclusively deemed to be a liability of the Indemnifying Party under this Article VII, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such claim as provided above, then the Indemnifying Party and the Indemnified Party shall resolve such dispute in accordance with Section 9.10.

(c) Environmental Claims. Notwithstanding any provision in Section 7.05(a) or Section 7.05(b) to the contrary, the provisions of this Section 7.05(c) shall apply as to Seller's indemnification of Buyer under Section 7.02(a) (but only with respect to matters arising under Section 3.06) and Section 7.02(d) and Buyer's indemnification of Seller under Section 7.03(d) (collectively, "Environmental Claims").

(i) Neither Seller nor Buyer shall have any indemnity obligations under this Article VII for any Environmental Claims unless Buyer or Seller, as applicable, has provided written notice of a pending or threatened Environmental Claim.

(ii) In addition to providing notice of Environmental Claims as required under Section 7.04, each Party shall keep the other reasonably informed of the progress of all such Environmental Claims, shall promptly supply the other Party with copies of all material information, documentation and correspondence relating thereto and shall engage in exchanges of material information or material negotiations with any Person in relation to an Environmental Claim only after exercising reasonable best efforts to consult with the other Party (the other Party to make itself reasonably available without delay as to the same).

(iii) Seller shall have the right, but not the obligation, to assume the defense or control of or settle any Environmental Claim, or to undertake any associated investigative, remedial or corrective action or monitoring at the Real Properties (collectively, "Environmental Response"), with counsel, consultants or contractors selected by Seller (to be reasonably acceptable to Buyer), *provided* that Seller shall, to the extent relevant to the Project's Project Development by Buyer, (A) keep Buyer reasonably informed of the foregoing, (B) promptly provide Buyer with any material information, documentation and correspondence relating to the Environmental Claim or Environmental Response and (C) exercise reasonable efforts to consult with Buyer prior to exchanges of material information or material negotiations with any Person (Buyer to make itself reasonably available and without delay as to same); *provided,* that Buyer may assume control of the Environmental Response if Seller has been grossly negligent in its performance of the Environmental Response, such gross negligence has an adverse effect on the Project or the Project Land Rights and Seller fails to cure such gross negligence or such adverse effect after reasonable notice.

(iv) As consideration for Seller's responsibilities herein, Buyer fully acknowledges and agrees that it shall not interfere with, impede or hinder in any material way, Seller's management of any Environmental Claim or Environmental Response, except that Seller may not consent to any material limitation that would adversely affect the Project's Project Development without the prior written consent of Buyer (not to be unreasonably withheld).

(v) To the extent Seller has chosen, at its discretion, to undertake any Environmental Response, Buyer shall, and shall cause its Representatives to, provide Seller with reasonable access to such asset or property and permit Seller to undertake such Environmental Response at reasonable times, on reasonable advance written notice and without unreasonable interference with the Project. Buyer agrees that it will not unreasonably interfere with or disturb Seller's performance of such Environmental Response. Promptly upon completion of any Environmental Response undertaken by Seller, Seller shall use its commercially reasonable efforts to restore any adversely affected portion of the assets or properties of Buyer (including the Project Land Rights) to their pre-disturbed condition.

(vi) Seller shall have no obligation for any Environmental Claim to the extent that the Loss for which Buyer is seeking indemnification directly or indirectly relates to, arises out of or results from (i) any change in the use of all or part of any Project Land Rights from that permitted by the Project Lease and any other applicable Conveyance Document granting the Project Land Rights or contemplated by the Project or (ii) any investigation, clean-up, remedial or similar activity other than as required to comply with the minimum applicable standards acceptable to the applicable Governmental Authority under Environmental Law in effect and enforceable as of the Closing Date.

Section 7.06 Net Recovery. With respect to each indemnification obligation contained herein or in any Conveyance Document, all Losses shall be net of any third-party insurance proceeds that have been recovered by the Indemnified Party in connection with the facts giving rise to the right of indemnification.

Section 7.07 No Consequential Damages. In no event shall a Party be liable for any consequential, special, indirect, incidental or punitive damages, lost profits or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, or similar items arising out of or related to this Agreement, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability, except, in each case, any such damages actually paid to any un-Affiliated claimant in respect of a Third Party Claim paid in accordance with this Agreement.

Section 7.08 Maximum Liability. Notwithstanding anything else in this Agreement to the contrary (including Sections 7.02 and 7.03), except in the event of intentional fraud in connection with this Agreement, the maximum liability of any Party under this Article VII shall be, from and after the Closing, the aggregate Purchase Price paid and received after giving effect to any adjustments pursuant to Section 2.10(e).

Section 7.09 Exclusive Remedy. Subject to the next sentence, and except as provided in Section 5.02(b), Section 8.03, Section 9.01, Section 9.13 and in the event of fraud in connection with this Agreement, following the Closing, the indemnification provisions of this Article VII shall be the sole and exclusive remedies of the Parties for any Losses or otherwise that each may suffer or incur or become subject to, as a result of, or in connection with any breach of any representation or warranty in this Agreement by the other Party or any failure by the other Party to perform or comply with any covenant or agreement herein. Notwithstanding anything herein to the contrary, no breach of any representation or warranty or any covenant or agreement contained in this Agreement shall give rise to any right on the part of either Party hereto to rescind this Agreement or any of the transactions contemplated hereby.

ARTICLE VIII

TERMINATION

Section 8.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby abandoned, at any time prior to the Closing as follows:

(a) by mutual written consent of Seller and Buyer;

(b) by Buyer or Seller, if the Closing shall not have occurred by June 30, 2016 (the "Termination Date"); *provided, however*, that the right to terminate this Agreement under this Section 8.01(b) shall not be available to any Party whose breach of a representation, warranty, covenant or agreement under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur by such date;

(c) by Buyer, if there shall be a breach or violation of any representation or warranty or covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 6.01 and which breach has not been cured (to the extent necessary to avoid a failure of such condition) prior to the earlier of (i) the Business Day prior to the Termination Date or (ii) the date that is thirty (30) days from the date that Seller is notified in writing by Buyer of such breach; *provided* that Buyer shall not have a right to terminate this Agreement under this Section 8.01(c) if Buyer has breached or violated any of its representations, warranties or agreements contained in this Agreement and such breach or violation would have resulted in a failure of a condition set forth in Section 6.02;

(d) by Seller, if there shall be a breach or violation of any representation or warranty or covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 6.02 and which breach has not been cured (to the extent necessary to avoid a failure of such condition) prior to the earlier of (i) the Business Day prior to the Termination Date or (ii) the date that is thirty (30) days from the date that Buyer is notified in writing by Seller of such breach; *provided* that Seller shall not have a right to terminate this Agreement under this Section 8.01(d) if Seller has breached or violated any of its representations, warranties or agreements contained in this Agreement and such breach or violation would have resulted in a failure of a condition set forth in Section 6.01;

(e) by Buyer or Seller, if a Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Law, or a final non-appealable Order of any Governmental Authority of competent jurisdiction shall be in effect, that materially prohibits or restrains the consummation of the transactions contemplated by this Agreement; and

(f) by Buyer pursuant to Section 5.04(c).

Section 8.02 Notice of Termination. Any Party desiring to terminate this Agreement pursuant to Section 8.01 shall give written notice of such termination to the other Party pursuant to Section 9.02.

Section 8.03 Effect of Termination. In the event this Agreement is terminated pursuant to Section 8.01 prior to the Closing, this Agreement shall forthwith become void and there shall be no liability on the part of any Party, except that the provisions of Section 5.02(b), Section 5.07, this Section 8.03 and Article IX shall survive termination; *provided, however,* that nothing herein shall relieve either Seller or Buyer from liability for any willful breach of, or willful failure to perform its obligations under, this Agreement.

Section 8.04 Extension; Waiver. At any time prior to the Closing, either Seller or Buyer may (a) extend the time for performance of any of the obligations or other acts of the

other Party, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein (but such waiver of compliance with such agreements or conditions shall not operate as a waiver of, or estoppels with respect to, any subsequent or other failure). Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party granting such extension or waiver.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Expenses. Except as expressly provided for otherwise in this Agreement, any Ancillary Agreement or any Conveyance Document:

(a) All reasonable and documented costs and expenses of Seller incurred or accrued prior to the Closing Date (including the cost and expenses of internal and external counsel and the Expert) in connection with the Project Development of the Project and preparing the Purchased Assets for Transfer, including any such costs associated with obtaining consents or approvals pursuant to Section 5.01(a), obtaining third party consents fees pursuant to Section 5.01(b), or costs incurred curing any Title Matters pursuant to Section 5.03 and those costs and expenses set forth on Schedule 9.01, shall be paid by Buyer at the Closing (or thereafter, pursuant to the adjustment in Section 2.10), and included in the calculation of the Purchase Price in Section 2.07; provided that such costs and expenses (i) arose out of or were associated with any Purchased Asset or Assumed Liability reflected on the Schedules to Section 2.01 or Section 2.04 or in a Schedule Update pursuant to Section 2.11 (unless such costs and expenses were accrued and incurred after the preparation of the Final Schedule Update and prior to the Closing, but otherwise would satisfy the requirements of a Schedule Update); and (ii) were incurred in accordance with Good Utility Practice and in the ordinary course of Project Development ("Project Development C&E"); *provided, that*, Project Development C&E shall not include any costs and expenses, including fees and disbursements (x) of any financial advisors, financial brokers, finders or external accountants or (y) incurred in connection with negotiating, drafting, executing, amending, revising, or otherwise modifying this Agreement or any Ancillary Agreement or in connection with any dispute, controversy, claim, arbitration or claim for indemnification arising under this Agreement, any Ancillary Agreement or Conveyance Document.

(b) In the event that this Agreement is terminated prior to the Closing, Buyer shall reimburse Seller for any costs and expenses constituting Project Development C&E no later than sixty (60) days from the date Buyer receives from Seller a final accounting of any Project Development C&E incurred or accrued prior to the date of termination; *provided*, that Buyer shall not be obligated to reimburse Seller under this Section 9.01(b) in the event this Agreement is terminated by Buyer pursuant to Section 8.01(c) or if this Agreement is terminated by Buyer pursuant to Section 8.01(b) and Seller would be unable to terminate this Agreement under such section as a result of Seller being in breach of a representation and warranty, covenant or agreement under this Agreement and such breach shall have been the cause of, or shall have resulted in, the failure of the Closing to occur by the Termination Date.

(c) Except as provided in (a) and (b), all costs and expenses, including fees and disbursements of counsel, financial advisers and accountants, incurred in connection with the Transaction Agreements and the transactions contemplated thereby shall be paid by the Party incurring the same, whether or not the Closing shall have occurred.

Nothing in this Section 9.01 shall (A) affect the indemnification rights of any Indemnified Party under Article VII, (B) affect the liability of any Party for any willful breach or willful failure to perform its obligations under this Agreement in the event this Agreement is terminated, or (C) allow Seller any double recovery for any Project Development C&E otherwise reflected in the Purchase Price for any Purchased Asset or Assumed Liability or reimbursed pursuant to any Ancillary Agreement.

Section 9.02 Notices. Any notice, request, instruction or other communication to be given to a Party pursuant to this Agreement shall be in writing signed by or on behalf of the Party giving it and may be served by hand delivery, by delivering it by courier or sending it by email, facsimile (with confirmation of transmission) or by prepaid recorded airmail delivery to the address of the Party to receive it set forth below (or to such other address as such Party shall have specified by a notice given to the other in accordance with this Section 9.02). Any notice so served by courier, email, fax or post shall be deemed to have been duly served: (a) when delivered, if sent by hand delivery or courier; (b) at the time of transmission, if sent by email or facsimile; and (c) upon receipt, if sent by prepaid recorded airmail delivery or regulated airmail post on receipt; *provided* that any notice received on a day that is not a Business Day, or after 5:00 p.m. (New York City time) on a Business Day, shall be deemed to be received on the next following Business Day. Each Party to whom a communication is sent hereunder has the obligation to accept delivery of such communication. Such communications, to be valid, must be addressed as set forth below:

If to Seller, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Stuart Nachmias
Fax: 212-673-0649
Tel: 212-460-2580

With a copy to:
Attn: Susan LoFrumento, Esq.
Fax: 212-260-8627
Tel: 212-460-1137

If to Buyer, to:

New York Transco, LLC
c/o Central Hudson Gas & Electric Corporation
284 South Avenue

Poughkeepsie, NY 12601
Fax: 845-473-7316
Tel: 845-486-5824

With a copy to:
Paul Gioia, Esq.
Whiteman Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Fax: 518-487-7777
Tel: 518-487-7600

Section 9.03 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in a manner that is materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 9.04 Entire Agreement. Except as otherwise provided in the Transaction Agreements, the Transaction Agreements constitute the entire agreement of Seller, on the one hand, and Buyer on the other, with respect to the subject matter thereof and supersede all prior agreements, undertakings and understandings, both written and oral, with respect to such subject matter.

Section 9.05 Rules of Interpretation. This Agreement and the Conveyance Documents shall be construed and interpreted as follows, unless otherwise expressly stated herein or therein: (i) the singular number includes the plural number and vice versa; (ii) reference to any Person includes such Person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (iv) reference to any Law (including Environmental Law) means such Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (v) reference to any Article, Section, Exhibit, Schedule or other attachment means such Article or Section of, or Exhibit, Schedule or attachment to, this Agreement or of another specifically identified agreement; (vi) "hereunder," "hereof," "herein," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof; (vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (viii) relative to the determination of any period of time, "from" means "from and

including," "to" means "to but excluding" and "through" means "through and including"; (ix) the words "Accept," "Affiliate," and "Transfer" shall include any correlative definitions; and (x) the word "or" shall not be exclusive. Whenever the last day for the exercise of any right or the discharge of any duty under this Agreement falls on a day other than a Business Day, the Party hereto having such right or duty shall have until the next Business Day to exercise such right or discharge such duty.

Section 9.06 Assignment. This Agreement may not be assigned without the prior written consent of Seller and Buyer, except that a Party may assign this Agreement to any Affiliate and that, following the Closing, Buyer may assign this Agreement to its sources of financing as collateral security; *provided* that Buyer will promptly notify Seller of any such assignment and no such assignment shall release Seller or Buyer from any liability or obligation hereunder (nor shall a Party's obligations be enlarged by reason thereof). Any attempted assignment in violation of this Section 9.06 shall be null and void ab initio. This Agreement shall be binding upon, shall inure to the benefit or, and shall be enforceable by the Parties and their permitted successors and assigns. For the avoidance of doubt, any merger, conversion or consolidation of a Party by operation of law shall not constitute an assignment under this Agreement.

Section 9.07 No Third Party Beneficiaries. Except as provided in Article VII with respect to Seller Indemnified Parties and Buyer Indemnified Parties, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein or in any other Transaction Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever.

Section 9.08 Amendment. Except as provided in Section 2.07(b) and Section 2.11, no provision of this Agreement or any other Transaction Agreement (including any Exhibits, Schedules or attachments hereto) may be amended, supplemented or modified except by a written instrument making specific reference hereto and thereto, signed by all parties to such agreement. No consent from any Indemnified Party under Article VII (other than the Parties) shall be required in order to amend this Agreement.

Section 9.09 Dispute Resolution Process. Except as provided in Section 2.07, Section 2.10 and Section 2.11 and with respect to any request for equitable relief (including interim relief) by either Party on or prior to the Closing Date, any dispute, controversy or claim arising out of or relating to the transactions contemplated by the Transaction Agreements or the validity, interpretation, breach of termination of any such agreement, including claims seeking redress or asserting rights under any Law (a "Dispute") shall be resolved in accordance with the procedures set forth in Article XII of the LLCA as though Seller and Buyer were the "relevant parties" thereunder. Until completion of such procedures, no Party may take any action to force a resolution of a Dispute by any judicial or similar process, except to the limited extent necessary to (i) avoid expiration of a claim that might eventually be permitted by this Agreement or (ii) obtain interim relief, including injunctive relief, to preserve the status quo or prevent irreparable harm.

Section 9.10 Governing Law. This Agreement and the rights of the Parties hereunder shall be governed by and construed in accordance with the laws of the State of New

York without giving effect to any choice of Law of conflict of Law rules or provisions (whether of the State of New York or of any other jurisdiction) that would cause the application of Laws of any jurisdiction other than the State of New York.

Section 9.11 Submission to Jurisdiction, Service of Process. Subject to Section 2.10 and Section 9.09, each Party irrevocably and unconditionally (a) consents to submission to the exclusive jurisdiction of the courts of the State of New York located in New York County Seller and of the federal courts of the United States of America located in the State of New York, County of New York (the "New York Courts"), for any action, claim, complaint, investigation, petition, suit or other proceeding, whether in contract or tort, in law or equity arising out of or relating to the Transaction Agreements or the breach (threatened breach), termination or validity thereof and the transactions contemplated thereby ("Action"), (b) agrees not to commence any Action except in such New York Courts and in accordance with the provisions of this Agreement, (c) agrees that service of any process, summons, notice, or document by U.S. registered mail or as otherwise provided in this Agreement shall be effective service of process for any Action brought in any such New York Court, (d) waives any objection to the laying of venue of any Action in the New York Courts and (e) agrees not to plead or claim in any such court that any such Action brought in any New York Court has been brought in an inconvenient forum.

Section 9.12 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION.

Section 9.13 Specific Performance. The Parties agree that the failure of any Party to perform its agreements and covenants hereunder, including its failure to take all actions as are necessary on its part to consummate the transactions contemplated hereby, will cause irreparable injury to the other Party, for which damages, even if available, will not be an adequate remedy. Accordingly, each Party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such Party's obligations and to the granting by any such court of the remedy of specific performance of its obligations hereunder, in addition to any other rights or remedies available hereunder or at law or in equity.

Section 9.14 Headings. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

Section 9.15 Counterparts. Each of the Transaction Agreements 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 any Transaction Agreement by facsimile or by electronic .pdf shall be as effective as delivery of a manually executed counterpart of any such agreement.

[Signature Page Follows]

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

NEW YORK TRANSCO, LLC	**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**
By: _____	By: _____
Name: Robert Caso Title: Vice President - Budget, Finance and Accounting	Name: Stuart Nachmias Title: Vice President – Energy Policy and Regulatory Affairs

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

NEW YORK TRANSCO, LLC

By: _____

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____

Name: Stuart Nachmias
Title: Vice President – Energy Policy and Regulatory Affairs

SCHEDULE 1.01
PERMITED LIENS

TO BE DETERMINED

Schedule 2.01(a)(i)

Fee Interests in real Property Related toProject

Book/Page	Type	Grantor	Cnty/Twn	Con Ed's Existing Rights
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
1972/150	D	Dutch Hollow Est	Orange/Chester	Fee
1944/622	D	Williams et al	Orange/Chester	Fee
1944/454	D	Solomon	Orange/Chester	Fee
1981/741	D	Miller	Orange/Chester	Fee
1972/852	D	Bossone	Orange/Chester	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
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
1964/722	D	Pine Hill	Orange/Tuxedo	Fee
		Forest Preserve	Rockland/Ramapo	Fee
1977/41	D	Tuxedo Park	Orange/Tuxedo	Fee
1964/775	D	Long Lake		

Schedule 2.01(a)(i)

Fee Interests in real Property Related toProject

Book/Page	Type	Grantor	Cnty/Twn	Rights
		Forest Preserve	Orange/Tuxedo	Fee
1964/786	D	University		
		Forest Corp	Orange/Tuxedo	Fee
1964/762	D	University		
		Forest Corp	Orange/Tuxedo	Fee
1964/753	D	Fletcher Lake Corp	Orange/Tuxedo	Fee
1962/636	D	Lakehill Farm	Orange/Tuxedo	Fee
	D	New York Univ.	Orange/Tuxedo	Fee
	D	University Forest		
		Corp	Orange/Tuxedo	Fee
2052/111	D	Schneider et al	Orange/Warwick & Chester	Fee

Key

D = Deed

E = Easement

Order = Court Order

Schedule 2.01 (a)(ii)

Easement Interests in Real Property Related to Project

Instrument No.	Type	Grantor	Cnty/Twn	Rights
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
1876/600	E	Levine	Orange/Blooming Grove	200' 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
1858/393	E	Laroe	Orange/Chester	200' ROW
1859/616	E	Solomon	Orange/Chester	200' ROW
1858/890	E	Miller	Orange/Chester	200' ROW
1859/80	E	Campbell	Orange/Chester	200' ROW
1855/198	E	Pfeiffer	Orange/Chester	175' ROW
1941/1022	E	Bregman	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
1861/519	E	Elson	Orange/New Windsor	200' ROW
1964/753	D	Fletcher Lake Corp	Orange/Tuxedo	Fee
1962/636	D	Lakehill Farm	Orange/Tuxedo	Fee
2052/111	D	Schneider et al	Orange/Warwick & Chester	Fee

Schedule 2.01 (b)
TRANSMISSION LINE FACILITIES

Installation of New 345kV Feeder between Rock Tavern and Ramapo
Feeder 76

	EXPENDED 11/15	COMMITTED	TO BE COMMITTED	TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$ 1,671,465	$ 37,244	$ -	$ 1,708,708
CONSTRUCTION CONTRACTS TOTAL	$ 8,951,343	$ 4,377,863	$ 450,575	$ 13,779,781
COMPANY LABOR TOTAL	$ 760,508	$ -	$ 1,191,689	$ 1,952,197
MATERIAL & SUPPLIES TOTAL	$ 7,679	$ -	$ -	$ 7,679
OTHER DIRECT COSTS TOTAL	$ 4,659,137	$ (2,896,924)	$ 1,158,643	$ 2,920,856
TOTAL DIRECT COSTS	$ 16,050,132	$ 1,518,183	$ 2,800,907	$ 20,369,222
INDIRECT COSTS TOTAL	$ 1,087,234	$ 39,395	$ 1,672,503	$ 2,799,131
CONTINGENCY	$ -	$ -	$ 3,055,383	$ 3,055,383
TOTAL	$ 17,137,365	$ 1,557,578	$ 7,528,794	$ 26,223,736

Schedule 2.01 (c)
SUF INTANGIBLE PLANT
Page 1 of 3

Installation of New 345 kV Feeder from Rock Tavern to Ramapo
Ramapo Substation

	EXPENDED 11/15	COMMITTED	TO BE COMMITTED	TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$ 1,997,511	$ 274,710	$ -	$ 2,272,221
CONSTRUCTION CONTRACTS TOTAL	$ 4,215,687	$ -	$ 2,157,360	$ 6,373,047
COMPANY LABOR TOTAL	$ 2,984,654	$ -	$ 6,373,881	$ 9,358,535
MATERIAL & SUPPLIES TOTAL	$ 227,983	$ -	$ 973,485	$ 1,201,467
OTHER DIRECT COSTS TOTAL	$ 1,532,137	$ 230,951	$ 36,761	$ 1,799,849
TOTAL DIRECT COSTS	$ 10,957,972	$ 505,661	$ 9,541,486	$ 21,005,120
INDIRECT COSTS TOTAL	$ 2,739,208	$ 12,573	$ 6,695,713	$ 9,447,494
CONTINGENCY	$ -	$ -	$ 3,150,768	$ 3,150,768
TOTAL	$ 13,697,180	$ 518,234	$ 19,387,967	$ 33,603,382

Installation of 345kV Feeder 76 Between Rock Tavern and Ramapo
Sugarloaf Substation

	EXPENDED 11/15	COMMITTED	TO BE COMMITTED	TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$ 4,742,341	$ 989,926	$ 217,500	$ 5,949,768
CONSTRUCTION CONTRACTS TOTAL	$ 2,322,576	$ 2,256,068	$ 497,297	$ 5,075,941
COMPANY LABOR TOTAL	$ 589,665	$ -	$ 5,990,056	$ 6,579,721
MATERIAL & SUPPLIES TOTAL	$ 42,010	$ -	$ 217,500	$ 259,510
OTHER DIRECT COSTS TOTAL	$ 2,854,971	$ (1,018,049)	$ 200,000	$ 2,036,921
TOTAL DIRECT COSTS	$ 10,551,563	$ 2,227,945	$ 7,122,354	$ 19,901,861
INDIRECT COSTS TOTAL	$ 850,055	$ 55,856	$ 5,446,366	$ 6,352,277
CONTINGENCY	$ -	$ -	$ 2,985,279	$ 2,985,279
TOTAL	$ 11,401,618	$ 2,283,800	$ 15,553,999	$ 29,239,417

Installation of New 345 kV Feeder between Rock Tavern and Ramapo
Rock Tavern Substation

	EXPENDED 11/15	COMMITTED	TO BE COMMITTED	TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$ -	$ -	$ 81,563	$ 81,563
CONSTRUCTION CONTRACTS TOTAL	$ 6,598,092	$ 3,401,908	$ -	$ 10,000,000
COMPANY LABOR TOTAL	$ 106,605	$ -	$ -	$ 106,605
MATERIAL & SUPPLIES TOTAL	$ -	$ -	$ -	$ -
OTHER DIRECT COSTS TOTAL	$ 69,139	$ (4,249)	$ -	$ 64,890
TOTAL DIRECT COSTS	$ 6,773,836	$ 3,397,659	$ 81,563	$ 10,253,058
INDIRECT COSTS TOTAL	$ 384,841	$ 88,339	$ 785,498	$ 1,258,678
CONTINGENCY	$ -	$ -	$ 1,537,959	$ 1,537,959
TOTAL	$ 7,158,677	$ 3,485,999	$ 2,405,019	$ 13,049,695

SCHEDULE 2.01(d)
CONTRACTS TO BE ASSIGNED PRIMARILY RELATED TO PROJECT DEVELOPMENT RIGHTS

Sugarloaf

Standard Purchase Order, Order No. 4595948, dated 11/20/2015, issued by Consolidated Edison Company of New York, Inc. to CUSTOM CABLE CORP.

Standard Purchase Order No. 4580443, dated 08/25/2015, issued by Consolidated Edison Company of New York, Inc. to CUSTOM CABLE CORP.

Standard Purchase Order, Order No.4544369, dated 07/06/2015, issued by Consolidated Edison Company of New York, Inc. to SHI INTERNATIONAL CORP.

Complex Services PO, Order No.4516554, dated 05/12/2015, issued by Consolidated Edison Company of New York, Inc. to DELOITTE TRANSACTIONS & BUSINESS ANALYTICS LLP.

COMPASS Complex Service PO, Order No. 4514325, dated 07/22/2015, issued by Consolidated Edison Company of New York, Inc. to MICHAELS HOLDINGS INC DBA MICHELS POWER A DIVISION OF MICHELS CORP.

Standard Purchase Order, Order No. 4506493, dated 04/15/2015, issued by Consolidated Edison Company of New York, Inc. to PRESIDIO NETWORKED SOLUTIONS GROUP LLC.

Complex Services PO, Order No.4500743, dated 10/25/2015, issued by Consolidated Edison Company of New York, Inc. to SYSTEMS CONTROL INC A DIV OF NORTHERN STAR INDUSTRIES.

Complex Services PO, Order No.4448481, dated 12/23/2014, issued by Consolidated Edison Company of New York, Inc. to HITACHI HVB INC.

Complex Services PO, Order No. 4437893, dated 08/04/2015, issued by Consolidated Edison Company of New York, Inc. to CREST INDUSTRIES LLC DBA DIS TRAN PACKAGED SUBSTATIONS LLC.

Standard Purchase Order, No.4433679, dated 07/08/2015, issued by Consolidated Edison Company of New York, Inc. to SMIT TRANSFORMATOREN BV.

Standard Purchase Order, Order No. 4432818, dated 06/16/2015, issued by Consolidated Edison Company of New York, Inc. to ABB INC.

Standard Purchase Order, Order No. 4432735, dated 12/09/2014, issued by Consolidated Edison

Company of New York, Inc. to WILLIAMS SCOTSMAN INC.

Complex Services PO, Order No.4403028, dated 11/13/2014, issued by Consolidated Edison Company of New York, Inc. to ABB INC.

Standard Purchase Order, Order No. 4372518, dated 12/15/2014, issued by Consolidated Edison Company of New York, Inc. to ALSTOM GRID INC.

Complex Services PO, Order No. 4201995, dated 08/24/2015, issued by Consolidated Edison Company of New York, Inc. to RG VANDERWEIL ENGINEERS LLP.

Standard Purchase Order, Order No. 4584969, dated 10/01/2015, issued by Consolidated Edison Company of New York, Inc. to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4569558, dated 10/01/2015, issued by Consolidated Edison Company of New York, Inc. to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4564229, dated 07/28/2015, issued by Consolidated Edison Company of New York, Inc. to GEOMAPS INTERNATIONAL INC.

Standard Purchase Order, Order No. 4562609, dated July 23, 2015 by Consolidated Edison Company Of New York, Inc., to CORANET CORP.

Standard Purchase Order, Order No. 4553140, dated July 7, 2015 by Consolidated Edison Company Of New York, Inc., to SHI INTERNATIONAL CORP.

Standard Purchase Order, Order No. 4552607, dated July 7, 2015 by Consolidated Edison Company Of New York, Inc., to WELSH ENGINEERING & LAND SURVEYING PC.

Standard Purchase Order, Order No. 4551918, dated July 6, 2015 by Consolidated Edison Company Of New York, Inc., to SHI INTERNATIONAL CORP.

Standard Purchase Order, Order No. 4541440, dated June 15, 2015 by Consolidated Edison Company Of New York, Inc., to BURNS & MCDONNELL ENGINEERING CO INC.

Standard Purchase Order, Order No. 4537757, dated July 20, 2015 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4520215, dated May 8, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4506644 , dated April 15, 2015 by Consolidated Edison

Company Of New York, Inc., to HAROLD MOORE & ASSOCIATES.

Standard Purchase Order, Order No. 4500842, dated April 3, 2015 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Standard Purchase Order, Order No. 4444574, dated December 15, 2014 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Standard Purchase Order, Order No. 4443172, dated December 12, 2014 by Consolidated Edison Company Of New York, Inc., to HAROLD MOORE & ASSOCIATES.

Standard Purchase Order, Order No. 4431855, dated November 19, 2014 by Consolidated Edison Company Of New York, Inc., to STAPLES CONTRACT & COMMERCIAL DBA STAPLES ADVANTAGE.

Standard Purchase Order, Order No. 4429532, dated November 14, 2014 by Consolidated Edison Company Of New York, Inc., to STAPLES CONTRACT & COMMERCIAL DBA STAPLES ADVANTAGE.

Standard Purchase Order, Order No. 4428006, dated November 12, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4423228, dated November 3, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4422401, dated October 31, 2014 by Consolidated Edison Company Of New York, Inc., to WELSH ENGINEERING & LAND SURVEYING PC.

Standard Purchase Order, Order No. 4416972, dated October 23, 2014 by Consolidated Edison Company Of New York, Inc., to GUIDANT GROUP.

Standard Purchase Order, Order No. 4383932, dated August 20, 2014 by Consolidated Edison Company Of New York, Inc., to GUIDANT GROUP.

ROW P&P Drawings

P&P CAD Drawings.

SECOND RAMAPO TO ROCK TAVERN (FEEDER 76) 345kV TRANSMISSION LINE PROJECT, ORANGE COUNTY, NY FEEDER 76 FROM SUGARLOAF SUBSTATION TO ROCK TAVERN SUBSTATION PLAN AND PROFILE DRAWINGS DECEMBER 2013 REVISED: AUGUST 2014 DIGIOIA, GRAY & ASSOCIATES, LLC.

Rock Tavern

Folder: 4500852

Standard Purchase Order, Order No. 4500842, dated April 3, 2015 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Folder 444574

Standard Purchase Order, Order No. 4444574, dated December 15, 2014 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Rampo Substation (Connie Chan and Chris Avolio) > Connie Chan

Standard Purchase Order, Order No. 4603579, dated October 6, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC. DBA GRAYBAR.

Standard Purchase Order, Order No. 4601947, Dated October 2, 2015 By Consolidated Edison Company Of New York, Inc., To GRAYBAR ELECTRIC CO INC. DBA GRAYBAR.

Standard Purchase Order, Order No. 4599191, dated September 28, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC. DBA GRAYBAR.

Standard Purchase Order, Order No. 4597136, dated September 24, 2015 by Consolidated Edison Company Of New York, Inc., to AIRGAS USA LLC.

Standard Purchase Order, Order No. 4593929, dated September 18, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC. DBA GRAYBAR.

Standard Purchase Order, Order No. 4593539, Dated October 14, 2015 by Consolidated Edison Company Of New York, Inc., to HITACHI HVB INC.

Standard Purchase Order, Order No. 4592083, dated September 16, 2015 by Consolidated Edison Company Of New York, Inc., to EMERGENCY SERVICES FUEL CORP.

Standard Purchase Order, Order No. 4589354, dated November 6, 2015 by Consolidated Edison Company Of New York, Inc., to AIRGAS USA LLC.

Standard Purchase Order, Order No. 4585596, dated September 3, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4575013, Dated August 14, 2015 By Consolidated Edison Company Of New York, Inc., To GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4574449, dated August 14, 2015 by Consolidated Edison

Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4573497, dated September 23, 2015 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4572570, dated August 11, 2015 by Consolidated Edison Company Of New York, Inc., to ABB INC.

Standard Purchase Order, Order No. 4568942, dated August 4, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4567096, dated September 4, 2015 by Consolidated Edison Company Of New York, Inc., to BAY CRANE SERVICE INC.

Standard Purchase Order, Order No. 4565314, dated September 30, 2015 by Consolidated Edison Company Of New York, Inc., to APPLE MAINTENANCE SERVICES INC.

Standard Purchase Order, Order No. 4558695, dated September 10, 2015 by Consolidated Edison Company Of New York, Inc., to ALSTOM GRID CANADA INC.

Standard Purchase Order, Order No. 4557120, dated October 20, 2015 by Consolidated Edison Company Of New York, Inc., to ALLIED WIRE & CABLE.

Standard Purchase Order, Order No. 4553163, dated November 11, 2015 by Consolidated Edison Company Of New York, Inc., to HERTZ EQUIPMENT RENTAL CORP.

Standard Purchase Order, Order No. 4552444, dated November 13, 2015 by Consolidated Edison Company Of New York, Inc., to BAY CRANE SERVICE INC.

Standard Purchase Order, Order No. 4541440, dated June 15, 2015 by Consolidated Edison Company Of New York, Inc., to BURNS & MCDONNELL ENGINEERING CO INC.

Standard Purchase Order, Order No. 4534135, dated July 16, 2015 by Consolidated Edison Company Of New York, Inc., to ALSTOM GRID INC, as amended.

Standard Purchase Order, Order No. 4530227, dated June 23, 2015 by Consolidated Edison Company Of New York, Inc., to SCHWEITZER ENGINEERING LABORATORIES INC.

Standard Purchase Order, Order No. 4523633, dated May 14, 2015 by Consolidated Edison Company Of New York, Inc., to ELECTROSWITCH CORP.

Standard Purchase Order, Order No. 4516554, dated May 12, 2015 by Consolidated Edison Company Of New York, Inc., to DELOITTE TRANSACTIONS & BUSINESS ANALYTICS LLP.

Complex Services Purchase Order, Order No. 4500743, dated October 25, 2015 by Consolidated Edison Company Of New York, Inc., to SYSTEMS CONTROL INC A DIV OF NORTHERN STAR INDUSTRIES.

Standard Purchase Order, Order No. 4486186, dated March 10, 2015 by Consolidated Edison Company Of New York, Inc., to SHRED IT USA INC DBA SHRED IT NY.

Standard Purchase Order, Order No. 4478808, dated February 24, 2015 by Consolidated Edison Company Of New York, Inc., to J SUPOR & SON TRUCKING & RIGGING CO INC.

Standard Purchase Order, Order No. 4478420, dated June 5, 2015 by Consolidated Edison Company Of New York, Inc., to HERTZ EQUIPMENT RENTAL CORP.

Standard Purchase Order, Order No. 4475509, dated February 17, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4470403, dated February 6, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4469222, dated February 4, 2015 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4466730, dated August 31, 2015 by Consolidated Edison Company Of New York, Inc., to APOLLO SECURITY INTERNATIONAL DBA APOLLO SECURITY.

Standard Purchase Order, Order No. 4456508, dated January 12, 2015 by Consolidated Edison Company Of New York, Inc., to SHI INTERNATIONAL CORP.

Standard Purchase Order, Order No. 4455245, dated January 8, 2015 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4449840, dated September 7, 2015 by Consolidated Edison Company Of New York, Inc., to HERTZ EQUIPMENT RENTAL CORP.

Complex Services Purchase Order, Order No. 4448481, dated December 23, 2014 by Consolidated Edison Company Of New York, Inc., to HITACHI HVB INC.

Standard Purchase Order, Order No. 4440547, dated December 8, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Complex Services Purchase Order, Order No. 4437893, dated August 4, 2015 by Consolidated Edison Company Of New York, Inc., to CREST INDUSTRIES LLC DBA DIS TRAN PACKAGED SUBSTATIONS LLC.

Standard Purchase Order, Order No. 4436223, dated November 17, 2015 by Consolidated Edison Company Of New York, Inc., to GIANFIA CORP, as amended.

Standard Purchase Order, Order No. 4434122, dated November 24, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4433959, dated November 24, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4433855, dated November 24, 2014 by Consolidated Edison Company Of New York, Inc., to A ROYAL FLUSH OF NY II INC.

Standard Purchase Order, Order No. 4432818, dated June 16, 2015 by Consolidated Edison Company Of New York, Inc., to ABB INC.

Standard Purchase Order, Order No. 4425241, dated November 6, 2014 by Consolidated Edison Company Of New York, Inc., to SHI INTERNATIONAL CORP.

Standard Purchase Order, Order No. 4416972, dated October 23, 2014 by Consolidated Edison Company Of New York, Inc., to GUIDANT GROUP.

Standard Purchase Order, Order No. 4404580, dated October 27, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Complex Services Purchase Order, Order No. 4403028, dated November 13, 2014 by Consolidated Edison Company Of New York, Inc., to ABB INC.

Standard Purchase Order, Order No. 4388932, dated August 29, 2014 by Consolidated Edison Company Of New York, Inc., to JLJ IV ENTERPRISES INC GENERAL CONTRACTORS.

Standard Purchase Order, Order No. 4376172, dated August 5, 2014 by Consolidated Edison Company Of New York, Inc., to SHI INTERNATIONAL CORP.

Standard Purchase Order, Order No. 4363519, dated July 11, 2014 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4362478, dated July 9, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4350579, dated June 16, 2014 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Complex Services Purchase Order, Order No. 4343141, dated August 14, 2015 by Consolidated Edison Company Of New York, Inc., to ARCADIS OF NY INC.

Standard Purchase Order, Order No. 4326130, dated December 2, 2015 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Standard Purchase Order, Order No. 4326128, dated August 1, 2015 by Consolidated Edison Company Of New York, Inc., to A ROYAL FLUSH OF NY II INC.

Complex Services Purchase Order, Order No. 4201995, dated August 24, 2015 by Consolidated Edison Company Of New York, Inc., to RG VANDERWEIL ENGINEERS LLP.

Complex Services Purchase Order, Order No. 4199805, dated November 7, 2014 by Consolidated Edison Company Of New York, Inc., to GANNETT FLEMING ENGINEERS AND ARCHITECTS PC.

Complex Services Purchase Order, Order No. 4182115, dated April 24, 2015 by Consolidated Edison Company Of New York, Inc., to ARCADIS OF NY INC.

Rampo Substation (Connie Chan and Chris Avolio) > Chris Avolio > Ramapo substation

Standard Purchase Order, Order No. 4609186, dated October 16, 2015 by Consolidated Edison Company Of New York. Inc., to MSC INDUSTRIAL SUPPLY CO.

Standard Purchase Order, Order No. 4592669, dated September 17, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4591254, dated September 15, 2015 by Consolidated Edison Company Of New York, Inc., to EDDIE KANE STEEL PRODUCTS INC.

Standard Purchase Order, Order No. 4590496, dated September 14, 2015 by Consolidated Edison Company Of New York, Inc., to STAPLES CONTRACT & COMMERCIAL INC DBA STAPLES ADVANTAGE.

Standard Purchase Order, Order No. 4589899, fated September 11, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR..

Standard Purchase Order, Order No. 4589077, dated September 10, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4585690, dated September 3, 2015 by Consolidated Edison Company Of New York, Inc., to INTERSTATE WASTE SERVICES OF NJ INC DBA INTERSTATE WASTE SERVICES INC DBA IWS OF NJ.

Standard Purchase Order, Order No. 4583179, dated August 31, 2015 by Consolidated Edison Company Of New York, Inc., to WELSH ENGINEERING & LAND SURVEYING PC.

Standard Purchase Order, Order No. 4573506, dated August 12, 2015 by Consolidated Edison

Company Of New York, Inc., to EDDIE KANE STEEL PRODUCTS INC.

Standard Purchase Order, Order No. 4569448, dated August 5, 2015 by Consolidated Edison Company Of New York, Inc., to MSC INDUSTRIAL SUPPLY CO.

Standard Purchase Order, Order No. 4569254, dated August 5, 2015 by Consolidated Edison Company Of New York, Inc., to TRENWA INC.

Standard Purchase Order, Order No. 4568557, dated August 4, 2015 by Consolidated Edison Company Of New York, Inc., to EDDIE KANE STEEL PRODUCTS INC.

Standard Purchase Order, Order No. 4566194, dated July 30, 2015 by Consolidated Edison Company Of New York, Inc., to SAMUEL G BLAKLEY TREE CO INC DBA BLAKLEY EQUIPMENT.

Standard Purchase Order, Order No. 4564299, dated July 28, 2015 by Consolidated Edison Company Of New York, Inc., to CIRCLE JANITORIAL SUPPLIES INC.

Standard Purchase Order, Order No. 4559924, dated October 8, 2015 by Consolidated Edison Company Of New York, Inc., to INTERSTATE WASTE SERVICES OF NJ INC DBA INTERSTATE WASTE SERVICES INC DBA IWS OF NJ.

Standard Purchase Order, Order No. 4553606, dated July 8, 2015 by Consolidated Edison Company Of New York, Inc., to WELSH ENGINEERING & LAND SURVEYING PC.

Standard Purchase Order, Order No. 4545619, dated October 6, 2015 by Consolidated Edison Company Of New York, Inc., to SAMUEL G BLAKLEY TREE CO INC DBA BLAKLEY EQUIPMENT.

Standard Purchase Order, Order No. 4534841, dated June 3, 2015 by Consolidated Edison Company Of New York, Inc., to SAMUEL G BLAKLEY TREE CO INC DBA BLAKLEY EQUIPMENT.

Standard Purchase Order, Order No. 4530227, dated June 23, 2015 by Consolidated Edison Company Of New York, Inc., to SCHWEITZER ENGINEERING LABORATORIES INC.

Standard Purchase Order, Order No. 4500842, dated April 3, 2015 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Standard Purchase Order, Order No. 4489971, dated March 17, 2015 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4485650, dated March 9, 2015 by Consolidated Edison Company Of New York, Inc., to YORK ANALYTICAL LABORATORIES INC.

Standard Purchase Order, Order No. 4483535, dated March 4, 2015 by Consolidated Edison Company Of New York, Inc., to MSC INDUSTRIAL SUPPLY CO.

Standard Purchase Order, Order No. 4470494, dated February 6, 2015 by Consolidated Edison Company Of New York, Inc., to MSC INDUSTRIAL SUPPLY CO.

Standard Purchase Order, Order No. 4466263, dated January 29, 2015 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4462620, dated May 26, 2015 by Consolidated Edison Company Of New York, Inc., to NELSON SERVICES SYSTEMS INC.

Standard Purchase Order, Order No. 4460358, dated January 19, 2015 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4456298, dated January 10, 2015 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4452926, dated January 5, 2015 by Consolidated Edison Company Of New York, Inc., to DS SERVICES OF AMERICA INC DBA CRYSTAL SPRINGS.

Standard Purchase Order, Order No. 4444574, dated December 15, 2014 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Standard Purchase Order, Order No. 4425796, dated November 7, 2014 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Standard Purchase Order, Order No. 4424931, dated November 6, 2014 by Consolidated Edison Company Of New York, Inc., to GRAYBAR ELECTRIC CO INC DBA GRAYBAR.

Standard Purchase Order, Order No. 4388292, dated August 28, 2014 by Consolidated Edison Company Of New York, Inc., to POWERCOM ELECTRICAL SVCS INC DBA POWERCOM.

Standard Purchase Order, Order No. 4379577, dated August 12, 2014 by Consolidated Edison Company Of New York, Inc., to BBH SOLUTIONS.

Standard Purchase Order, Order No. 4369239, dated July 23, 2014 by Consolidated Edison Company Of New York, Inc., to EPLUS TECHNOLOGY INC.

Feeder 76 (Angel Alvarez)/Rock Tavern/

Folder: 4616275

Standard Purchase Order, Order No. 4616275, dated October 28, 2015, issued by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4600556

Standard Purchase Order, Order No. 4600556, dated September 30, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4566570

Standard Purchase Order, Order No. 4566570, dated July 30, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4554896

Standard Purchase Order, Order No. 4554896, dated July 9, 2015 by Consolidated Edison Company Of New York, Inc., to KLEINFELDER INC.

Folder: 4553147

Standard Purchase Order, Order No. 4553147, dated July 7, 2015 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Folder: 4550830

Standard Purchase Order, Order No. 4550830, dated July 1, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4541440

Standard Purchase Order, Order No. 4541440, dated June 15, 2015 by Consolidated Edison Company Of New York, Inc., to BURNS & MCDONNELL ENGINEERING CO. INC.

Folder: 4532221

Standard Purchase Order, Order No. 4532221, dated May 29, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4516554

Standard Purchase Order, Order No. 4516554, dated May 12, 2015 by Consolidated Edison Company of New York, Inc. to DELOITTE TRANSACTIONS & BUSINESS ANALYTICS LLP, enclosing Feeder 76 Scoping Document (Part of Undated Request for Proposal).

Folder: 4510898

Standard Purchase Order, Order No. 4510898, dated April 22, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4495852

Standard Purchase Order, Order No. 4495852, dated April 8, 2015 by Consolidated Edison Company Of New York, Inc., to NO PARKING TODAY INC.

Folder: 4493620

Standard Purchase Order, Order No. 4493620, dated April 14, 2015 by Consolidated Edison Company Of New York, Inc., to LEWIS TREE SERVICE INC.

Folder: 4483737

Standard Purchase Order, Order No. 4483737, dated March 4, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4476503

Standard Purchase Order, Order No. 4476503, dated February 19, 2015 by Consolidated Edison Company Of New York, Inc., to POWERCOM ELECTRICAL SVCS INC DBA POWERCOM.

Folder: 4466031

Standard Purchase Order, Order No. 4466031, dated August 26, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4464941

Standard Purchase Order, Order No. 4464941, dated January 28, 2015 by Consolidated Edison Company Of New York, Inc., to WILLIAMS SCOTSMAN INC.

Folder: 4463855

Standard Purchase Order, Order No. 4463855, dated January 26, 2015 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4448358

Standard Purchase Order, Order No. 4448358 dated December 22, 2014 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4448357

Standard Purchase Order, Order No. 4448357, dated December 22, 2014 by Consolidated Edison Company Of New York, Inc., to WESTON SOLUTIONS INC.

Folder: 4444574

Standard Purchase Order, Order No. 4444574, dated December 15, 2014 by Consolidated Edison Company Of New York, Inc., to INDUSTRIAL STAFFING SERVICES INC.

Folder: 4416972

Standard Purchase Order, Order No. 4416972, dated October 23, 2014 by Consolidated Edison Company Of New York, Inc., to GUIDANT GROUP.

Folder: 4412635

Standard Purchase Order, Order No. 4412635, fated October 15, 2014 by Consolidated Edison Company Of New York, Inc., to TECTONIC ENGINEERING & SURVEYING CONSULTANTS PC.

Folder: 4383932

Standard Purchase Order, Order No. 4383932, dated August 20, 2014 by Consolidated Edison Company Of New York, Inc., to GUIDANT GROUP.

MTA

Entry Permit and License Agreement dated August 1, 2015 by Consolidated Edison Company Of New York, Inc. and Metro North Commuter Railroad Company granting access to Port Jervis Line to install, maintain, repair, relocate and/or remove one 345 kV circuit.

Entry Permit and License Agreement dated _____ by Consolidated Edison Company Of New York, Inc. and Metro North Commuter Railroad Company granting access to ___ .**[CAN NOT OPEN]**

Interconnection Agreements

Executed Interconnection Agreement Between the Central Hudson Gas & Electric Corp. and Consolidated Edison Company of New York, Inc., dated as of March 19, 2015.

Executed Interconnection Agreement between the Orange & Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc., dated as of May 27, 2015.

SCHEDULE 2.01(e)
OTHER ASSETS TO BE TRANFERRED

NONE

SCHEDULE 2.01(g)
PERMITS

1. **US Army Corps of Engineer Permit No. NAN-2014-00984-WOR Sugarloaf Substation Grading and Erosion Sediment Control Plan for Installation of 345 KV Feeder 76 (RRT) Orange and Rockland Utilities, Inc. Sugarloaf Mountain Road, Chester, New York**

2. **State of New York Public Service Commission: Order Approving Environmental Management and Construction Plan Segment II, Issued and Effective October 27, 2014.**

SCHEDULE 2.01(i)
WARRANTIES

TO BE DETERMINED

SCHEDULE 5.05
MULTIFUNCTION CONTRACTS

NONE

SCHEDULE 6.02(e)
CONSENTS AND APPROVALS

All consents and approvals of the New York State Public Service Commission required in connection with the transactions contemplated in this Asset Purchase Agreement.

Schedule I
ILLUSTRATIVE ESTIMATED SIGNING STATEMENT*

Installation of New 345kV Feeder between Rock Tavern and Ramapo

		TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$	10,012,259
CONSTRUCTION CONTRACTS TOTAL	$	35,228,770
COMPANY LABOR TOTAL	$	17,997,058
MATERIAL & SUPPLIES TOTAL	$	1,468,656
OTHER DIRECT COSTS TOTAL	$	6,822,518
TOTAL DIRECT COSTS	$	71,529,261
INDIRECT COSTS TOTAL	$	19,857,580
CONTINGENCY	$	10,729,389
TOTAL	$	102,116,230
ESTIMATED REAL ESTATE VALUE		TBD
GRAND TOTAL		TOTAL + EST. REAL ESTATE VALUE

* The Project was originally estimated to cost approximately $123 million. As of the date of this Agreement, the Project is estimated to cost approximately $102 million, excluding the value of the Project Lease. Actual Project costs incurred as of the Closing may be higher or lower than the current working estimate.

EXHIBIT B

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "***Agreement***" or "***Lease***") is made and entered into as of _____, 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 Company 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***."

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 Property, the "***Property***"); and

WHEREAS, Landlord owns structures on the Property including, without limitation, towers, poles, pylons and cross arms ("***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 overhead transmission line on the Property known as the 2nd Rock Tavern to Ramapo 345 kV Line (the "***Transmission Line***"), which is being transferred, conveyed and sold by Landlord to Tenant on even date herewith pursuant to that certain Asset Purchase Agreement by and between Landlord and Tenant dated _____, 2016 (the "***Asset Purchase Agreement***") and (ii) attaching the Transmission Line to the Structural Improvements; and

WHEREAS, Landlord has agreed to lease the Property, on a non-exclusive basis, to Tenant for the aforementioned purpose, upon the terms and subject to the 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 C 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, 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 on the date hereof (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***"). Tenant shall pay Landlord up-front rent for the Term of the Lease in the amount of [_____] (the "***Rent***"). All Rent is due upon execution of this Lease.

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.

(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 of this Agreement, any proposed easement or lease for all or any portion of the Leased Site 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 Landlord's transmission towers on the Property. During the term hereof, Tenant shall have the continuing right, without additional charge or fee, to attach to Landlord's transmission towers. 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 prudent 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. Landlord and

Tenant shall each comply with and shall cause all their respective employees, contractors and subcontractors to comply with 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 Environmental Laws (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.

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 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) [Cost allocation for maintenance of the Structural Improvements to be determined.]

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 surface of the Leased Site in good repair and condition, and (ii) keep the Leased Site free of obstructions (including, without limitation, vegetation, snow and ice) (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. Notwithstanding the foregoing, should Tenant require Landlord to perform any maintenance work solely on Tenant's behalf and for its sole benefit, then Tenant shall be responsible for one hundred percent (100%) of those costs. All such costs shall be properly documented by Landlord, and such documentation made available to Tenant for its review upon Tenant's request. Notwithstanding the foregoing, in the event that Landlord no longer uses the Property in the course of its business, then Landlord shall no longer be responsible for performance of the Common ROW Maintenance and Tenant shall be solely responsible for performance and cost thereof. [Cost allocation for remediation of Hazardous Substances brought to or Released by third parties to be determined.]

(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, 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 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 Laws (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 Laws.

"***Environmental Laws***" means all 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 Permits***" means the permits, licenses, consents, approvals, identification numbers, manifests and other authorizations or certifications required by any Governmental Authority with respect to or under Environmental Laws.

"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, 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 Company, 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 Company, 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 it 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 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 Company, 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 of 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 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 it in respect of any business practice, with a conduct of business in any area or the acquisition of any property or which would prevent 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,

is inaccurate or would operate to make the statements contained herein or therein materially misleading.

(c) 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 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 it in respect of any business practice, with a conduct of business in any area or the acquisition of any property or which would prevent 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, is inaccurate or would operate to make the statements contained herein or therein materially misleading.

(c) 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 Property or the Leased Site, Landlord shall promptly repair any damage to the Property and/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 its proportionate share of the actual cost of any and all repairs to the [Structural Improvements,] Property and/or Leased Site. All such costs 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, 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 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: (i) during the term hereof, 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) during the term hereof, 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 as to the portion of the Leased Site remaining.

15. Indemnity.

(a) *Tenant's Indemnity*. 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. NOTHWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND EXCEPT TO THE EXTENT OF TENANT'S OBLIGATIONS UNDER SECTION 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 SECTION 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. the successor to Tenant is not a reputable entity of good character and does not have a tangible net worth computed in accordance with generally accepted accounting principles consistently applied, at least equal to the greater of (x) the tangible net worth of the Tenant named herein immediately prior to such assignment, or (y) the tangible net worth of the Tenant named herein on the date of this Lease;

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; or

8. the effective date of the proposed assignment is prior to the tenth anniversary of the commencement date of the Lease.

(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. Required Regulatory Approvals. The obligations of each Party under this Agreement are expressly contingent upon (i) 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 (ii) each Required Approval being granted without the imposition of any modification or condition of the terms of this Agreement or the subject transactions, unless such modification(s) or condition(s) are agreed to by both Parties in their respective sole discretion, and (iii) 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.

25. Taxes, Assessments and Other Charges. Tenant agrees to pay any and all taxes, assessments and other impositions assessed or imposed on, or which arise out of, or are attributable to, use by Tenant of the Leased Site or the Transmission Line. 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.

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) When several counterparts of this Lease have been executed, all counterparts shall constitute one and the same instrument.

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:_____
Title:_____

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____
Name:_____
Title:_____

EXHIBIT A

FEE PROPERTIES

Book/Page	Type	Grantor	Cnty/Twn	Con Ed's Existing Rights
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
1972/150	D	Dutch Hollow Est	Orange/Chester	Fee
1944/622	D	Williams et al	Orange/Chester	Fee
1944/454	D	Solomon	Orange/Chester	Fee
1981/741	D	Miller	Orange/Chester	Fee
1972/852	D	Bossone	Orange/Chester	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
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
1964/722	D	Pine Hill	Orange/Tuxedo	Fee
		Forest Preserve	Rockland/Ramapo	Fee
1977/41	D	Tuxedo Park	Orange/Tuxedo	Fee
1964/775	D	Long Lake		

EXHIBIT A CONT'D

FEE PROPERTIES

Book/Page	Type	Grantor	Cnty/Twn	Rights
		Forest Preserve	Orange/Tuxedo	Fee
1964/786	D	University		
		Forest Corp	Orange/Tuxedo	Fee
1964/762	D	University		
		Forest Corp	Orange/Tuxedo	Fee
		Fletcher Lake		
1964/753	D	Corp	Orange/Tuxedo	Fee
1962/636	D	Lakehill Farm	Orange/Tuxedo	Fee
	D	New York Univ.	Orange/Tuxedo	Fee
		University		
	D	Forest		
		Corp	Orange/Tuxedo	Fee
			Orange/Warwick &	
2052/111	D	Schneider et al	Chester	Fee

EXHIBIT B

EASEMENT PROPERTIES

Instrument No.	Type	Grantor	Cnty/Twn	Rights
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
1876/600	E	Levine	Orange/Blooming Grove	200' 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
1858/393	E	Laroe	Orange/Chester	200' ROW
1859/616	E	Solomon	Orange/Chester	200' ROW
1858/890	E	Miller	Orange/Chester	200' ROW
1859/80	E	Campbell	Orange/Chester	200' ROW
1855/198	E	Pfeiffer	Orange/Chester	175' ROW
1941/1022	E	Bregman	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
1861/519	E	Elson	Orange/New Windsor	200' ROW
1964/753	D	Fletcher Lake Corp	Orange/Tuxedo	Fee
1962/636	D	Lakehill Farm	Orange/Tuxedo	Fee
2052/111	D	Schneider et al	Orange/Warwick & Chester	Fee

EXHIBIT C

SURVEY / LEASED SITE

[TO BE ATTACHED UPON COMPLETION]

EXHIBIT C

Execution Copy

ASSET PURCHASE AGREEMENT

by and between

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.,

as Seller

and

NEW YORK TRANSCO LLC

as Buyer

Dated as of January 7, 2016

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), dated as of January 7, 2016, is by and between Consolidated Edison Company of New York, Inc., a New York corporation ("Seller"), and New York Transco LLC, a New York limited liability company ("Buyer"). Buyer and Seller each may be referred to herein as a "Party" or together as the "Parties."

RECITALS

WHEREAS, Seller owns and operates electric transmission facilities in the State of New York;

WHEREAS, Buyer was formed by Affiliates of New York's investor-owned transmission owners, including Seller's Affiliate, for the purpose of developing, constructing, owning, operating and maintaining transmission facilities that upgrade and/or enhance, and are incremental to, certain transmission facilities owned and operated by such transmission owners;

WHEREAS, among the transmission projects Buyer intends to develop, construct, own and operate include that project currently under development by Seller known as the "Staten Island Unbottling" project (the "Project"), as identified in filings made by Seller and Buyer with the Federal Energy Regulatory Commission ("FERC") and the New York State Public Service Commission (the "NYPSC"); and

WHEREAS, at the Closing, Seller desires to sell and Buyer desires to purchase the Purchased Assets (as hereinafter defined), in each case on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and subject to the representations, warranties, covenants and conditions contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows.

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. The following capitalized terms have the meanings specified below.

"AAA" means the American Arbitration Association.

"Affiliate" means, with respect to a Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct the management or policies of a Person. For the avoidance of doubt, Buyer and Seller shall not be deemed Affiliates of each other.

"Ancillary Agreements" means the Project Services Agreement (if any) and the O&M Agreement.

"Applicable Regulatory Authority" means the NYPSC or the FERC.

"Applicable Variance" means the percentage of variance given to the Updated Project Cost Estimate Amount as reasonably determined by Seller and reflected in the Updated Project Cost Statement; *provided, however*, that if all of the Authorized Buyer Representatives disagree with such determination, then the Applicable Variance shall be the amount unanimously determined by the Authorized Buyer Representatives.

"Authorized Buyer Representatives" means the Board of Managers of Buyer, excluding the Manager Affiliated with Seller.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to be closed.

"Closing Assumed Liability Amount" means, without duplication, the sum of (a) the aggregate principal of any Indebtedness (including the deferred purchase price amount) related to any Purchased Asset constituting an Assumed Liability, including any accrued or unpaid interest or penalty, *plus* (b) any unpaid amounts accrued, due or incurred by Seller for any period on or prior to the Closing Date under any Assumed Contract (other than those Assumed Contracts constituting Indebtedness that are reflected in clause (a) of this definition), *less* (c) any deposits or similar payments paid or made by Seller on account of any Assumed Contract for any Purchased Asset (to the extent not otherwise reflected in the book value for any Purchased Asset at the time of the Closing and only to the extent such deposits are not otherwise returned or refunded to Seller), in each case, as of such Closing.

"Confidential Information" means any and all information prepared or delivered to Buyer by Seller or its Representatives in connection with the transactions contemplated hereby, including information that (a) is marked or designated as "confidential" or "proprietary," (b) is disclosed orally or visually (*provided* that such information is identified as proprietary or confidential at the time of such disclosure), (c) is known to Buyer, or should be known to a reasonable Person given the facts and circumstances of the disclosure, to be confidential or proprietary to Seller, or (d) has come into Buyer's possession pursuant to this Agreement or any other agreement to which Buyer is a party; except, in each case, to the extent that such information can be shown to have been (i) in the public domain through no action of Buyer or its Representatives, (ii) lawfully acquired by Buyer from other sources not known by Buyer (after due inquiry) to be bound by any obligations of confidentiality, (iii) independently developed by Buyer without reference to the Confidential Information and without a breach of this Agreement or (iv) approved for release by written authorization of Seller or the third party owner of the information.

"Contract" means any written agreement, lease, license, commitment or arrangement, including any sales orders or purchase orders.

"Conveyance Documents" means the Project Lease, any assignment and assumption agreement, any bill of sale, and all other instruments of Transfer necessary or appropriate to effectuate the Transfer of the Purchased Assets and the assumption of the Assumed Liabilities hereunder.

"Environmental Information" means any material written communication or material (whether in hard copy or electronic form) from or to any Governmental Authority or an adjacent or nearby landowner (if such landowner asserts a material claim with respect to any Purchased Asset asserting non-compliance with or violations of Environmental Law or Environmental Permits) and any other non-privileged memoranda, audits, reviews, studies (including Phase I and Phase II reports), analyses or investigations, in each case relating to the condition or status of any Purchased Asset under applicable Environmental Law.

"Environmental Law" means any applicable Law, including any Environmental Permit, 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 Materials, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or arrangement for such activities with respect to, Hazardous Materials.

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

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next succeeding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any date that is a Business Day, the average of the quotations for such day on such transactions received by Buyer and Seller from three (3) unaffiliated federal funds brokers of recognized standing selected by them.

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric transmission industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to delineate acceptable practices, methods or acts generally accepted by similarly situated entities that conduct business in the industry.

"Governmental Authority" means federal, state, local or other governmental or regulatory authority, administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental or quasi-governmental authority having jurisdiction over any of the parties, the Purchased Assets, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police or taxing authority or power.

"Hazardous Materials" 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 any thermal discharge) or electromagnetic emission 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 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.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

"Indebtedness" means, without duplication, (a) all indebtedness for borrowed money or for the deferred purchase price of property or services, (b) any other indebtedness that is evidenced by a note, bond, debenture, draft or similar instrument other than performance and surety bonds arising in the ordinary course of business, (c) all obligations under financing or capital leases to the extent required by GAAP or applicable Law to be recorded as indebtedness, (d) letters of credit and any similar agreements, (e) any guarantee of any of the foregoing obligations and (f) all indebtedness referred to in clauses (a) through (e) above of any accrued or unpaid interest or penalty.

"Law" means any U.S. federal, state, local or non-U.S. statute, law, ordinance, regulation, rule, code, order, ordinance (including zoning), executive order or decrees, edicts or binding interpretation by a Governmental Authority or other requirement or rule of law, including the common law.

"Liabilities" means, except as otherwise expressly qualified by the Agreement, all debts, liabilities (including liabilities for Taxes), guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or un-asserted, matured or un-matured, liquidated or unliquidated, accrued or un-accrued, known or unknown, due or to become due, whenever and however arising (including whether arising out of any contract or tort based on negligence, or strict liability) and whether or not the same would be required by generally accepted accounting principles to be reflected in financial statements or disclosed in the notes thereto.

"Lien" means any mortgage, lien, pledge, security interest, hypothecation, option, encumbrance, claim or charge of any kind.

"LLCA" means the Limited Liability Company Agreement of New York Transco, LLC, dated November 14, 2014, as amended in accordance with its terms and in effect from time to time.

"Losses" means all losses, damages, costs, expenses, liabilities, fines, penalties, environmental investigation and remediation costs, obligations and claims of any kind (including any action, claim, inquiry, proceeding or investigation brought by any Governmental Authority or other Person and including reasonable attorneys' fees).

"Multifunction Contract" means any Contract (other than those relating to real property rights) related to the Project to which Seller is party or by which its assets are bound that also relates to Seller's other business or the Excluded Assets or the benefits of which are otherwise needed by Seller after the Closing.

"O&M Agreement" means any O&M Agreement, in substantially the form attached to the LLCA or in such other form as the Parties shall agree, by and between Seller and Buyer pertaining to the Project.

"Organizational Document" means, with respect to an entity, its certificate of incorporation, articles of incorporation, by-laws, articles of organization, limited liability company agreement, formation agreement, joint venture agreement or other similar organizational document of such entity.

"Permits" means all permits, approvals, identification numbers, licenses or other authorizations required by a Governmental Authority for the development, construction, ownership, operation or maintenance of the Project or Purchased Assets, including Environmental Permits.

"Permitted Liens" means (a) Liens for property taxes and assessments not yet due or payable, (b) Liens of mechanics, laborers, warehousemen and similar statutory liens arising in the ordinary course of business for amounts not yet due, (c) those imperfections of title that do not materially restrict or interfere with the intended use of the applicable real property; (d) Liens consisting of zoning or planning restrictions, easements, servitudes, licenses, permits and other restrictions or limitations on the use of real property that do not materially restrict, impair or interfere with the use of the applicable real property; (e) those imperfections of title that are set forth on Schedule 1.01 hereto, (f) as to any easement property, any encumbrance affecting solely the interest of the property owner and not the easement grantee, and (g) any Liens deemed Permitted Liens pursuant to Section 5.03.

"Person" means any individual, corporation, company, partnership (limited or general), limited liability company, joint venture, association, trust or other business entity.

"Project Development" means the acquisition of the Project, and all planning, development, permitting, construction and other activities associated with the Project that are necessary or advisable for it to achieve commercial operation, including preliminary engineering and licensing, detailed engineering and design, equipment procurement and construction (including construction management), and reasonable contingencies therefor.

"Project Intellectual Property" means all patents, trademarks, service marks, trade dress, logos, trade names, domain names and corporate names, copyrights and copyrightable works, proprietary software and computer programs (whether in source code or object code) and confidential, proprietary or non-public information primarily relating to the Project, including trade secrets, processes, cost information and Project plans and proposals, ideas, research and development, works of authorship, formulas, compositions, tools, materials, specifications, procedures, techniques, improvements, creations, methods, schematics, technology, technical data, designs, drawings, graphs, flowcharts, block diagrams, and copies and tangible embodiments of all of the foregoing as well as related documentation in whatever form or medium, and all applications for and registrations of any of the foregoing, all goodwill associated with all of the foregoing, and the right to sue for infringement in connection with any of the foregoing.

"Project Services Agreement" means any Project Services Agreement, in substantially the form attached to the LLCA or in such other form as the Parties shall agree, by and between Seller and Buyer pertaining to the Project.

"Protected Critical Infrastructure Information" means CEII and CIP.

"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 Material.

"Requisite Approval" means (a) if the Project is in the Preliminary Engineering and Permitting Phase at the time of determination, unanimous approval by the Board of Managers of the Buyer and (b) if the Project is in the Final Engineering and Procurement Phase or at any phase thereafter at the time of determination, a Majority approval by the Board of Managers of Buyer.

"Substation Upgrade Facilities" means those items of equipment that are, or are planned to be, located within Seller's or a third party's substation property and are required for the Project.

"SUF Intangible Plant" means the costs incurred to build those items of equipment (including, without limitation, transformers, circuit breakers, meters, wires, foundation, relays, communication equipment, fiber optic cable, potheads, switch gear and other ancillary equipment) required for the Project that are to be located within and/or required to interconnect to Seller's or a third party's substation property.

"Taxes" means all taxes, charges, fees, levies, penalties or other assessments imposed by any federal, state, local, provincial or foreign taxing authority, including, income, gross receipts, excise, real or personal property, sales, use, transfer, customs, duties, franchise, payroll, withholding, social securities, receipts, license, stamp, occupation, employment, including any interest, penalties or additions attributable thereto, and any payments to any state, local, provincial or foreign taxing authorities in lieu of such taxes, charges, fees, levies or assessments.

"Transaction Agreements" means this Agreement, the LLCA and any Ancillary Agreement.

"Updated Project Cost Statement" means the statement prepared in good faith by Seller, and derived from the books and records of Seller, of (a) the Updated Project Cost Estimate Amount, as the most recently available date (such date not to be earlier than the end of the month immediately preceding the Closing Date) and (b) the Applicable Variance as determined by the Seller.

"Updated Project Cost Estimate Amount" means the sum of (a) the actual amount of costs incurred by Seller in connection with the Project Development of the Project from inception to the date stated in the Updated Project Cost Statement, *plus* (b) the estimated amount of remaining costs to complete the Project Development of the Project after such date, in each case, including operating, general and administrative expenses of Seller allocable to the Project, as reflected in the Updated Project Cost Statement; *provided, that* the Updated Project Cost Estimate Amount shall not include any Applicable Variance.

Section 1.02 Terms Defined in this Agreement. The following capitalized terms have the meanings set forth in the Sections hereof referenced immediately below:

Accept 2.01
Acceptance 2.01
Action 9.11
Agreement ..... Preamble
Assumed Contract ..... 3.09(a)
Assumed Liabilities 2.03
Bankruptcy and Equity Exceptions 3.02
Books and Records ..... 2.01(f)
Buyer ..... Preamble
Buyer Indemnified Parties 7.02
Casualty Event ..... 5.04(a)
Closing 2.06
Closing Date 2.06
Closing Statement ..... 2.10(a)
Deferred Asset ..... 2.05(a)
Dispute 9.09
Dispute Notice ..... 2.10(b)
Disputed Items ..... 2.10(b)
Disputed Schedule Items ..... 2.11(c)
Estimated Closing Statement ..... 2.07(c)
Estimated Closing Statement Dispute Notice ..... 2.07(d)
Estimated Closing Statement Disputed Items ..... 2.07(d)
Estimated Closing Statement Review Period ..... 2.07(d)
Excluded Assets 2.02
Excluded Liabilities 2.04
FERC ..... Recitals
Final Closing Statement ..... 2.10(d)
Final Statement ..... 2.10(d)
Final Updated Schedule ..... 2.07(c)
Illustrative Estimated Signing Statement ..... 2.07(b)
Indemnified Party 7.04
Indemnifying Party 7.04
Independent Accountant ..... 2.10(c)
New York Courts 9.11
NYPSC ..... Recitals
Objection Notice 5.03
Order ..... 5.01(a)
Parties ..... Preamble
Party ..... Preamble
Pre-Closing Resolution Period ..... 2.07(d)
Project ..... Recitals
Project Development C&E ..... 9.01(a)
Project Records ..... 2.01(f)
Proposed Schedule Update ..... 2.11(a)
Purchase Price ..... 2.07(a)
Purchased Assets 2.01
Regulatory Methodologies ..... 2.07(b)
Representatives ..... 5.07(a)
Resolution Period ..... 2.10(c)
Review Period ..... 2.10(b)
Schedule Dispute Notice ..... 2.11(c)
Schedule Dispute Review Period ..... 2.11(d)
Schedule Review Period ..... 2.11(b)
Seller ..... Preamble
Seller Indemnified Parties 7.03
Survival Termination Date 7.01
Termination Date ..... 8.01(b)
Third Party Claim 7.04
Title Matters 5.03
Title Reports 5.03
Transfer 2.01
True-Up Payment Amount ..... 2.10(f)
Updated Disclosure Item ..... 2.11(a)
Updated Schedule ..... 2.11(c), 2.11 (d)

Section 1.03 Terms Defined in the LLCA. Capitalized terms used and not otherwise defined herein have the meanings given to them in the LLCA.

ARTICLE II

PURCHASE AND SALE

Section 2.01 Purchase and Sale of Purchased Assets. On the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, convey, assign, transfer and deliver ("Transfer") to Buyer, free and clear of all Liens other than Permitted Liens, and Buyer shall purchase, acquire and accept ("Acceptance") from Seller, all or certain (as provided for in this Section 2.01) of Seller's right, title and interest in and to the Purchased Assets. As used in this Agreement, "Purchased Assets" shall mean, subject to Section 2.01, the following:

(a) [intentionally omitted]

(b) [intentionally omitted]

(c) Those items constituting SUF Intangible Plant as identified on Schedule 2.01(c);

(d) All rights, title and interests of Seller to the Contracts exclusively related to the Project Development of the Project, including those Contracts that are identified on Schedule 2.01(d);

(e) Any other asset, property or right not otherwise defined in this Section 2.01 exclusively related to the Project Development of the Project, the expense of which was pre-paid by Seller, including the items identified on Schedule 2.01(e);

(f) All papers, books and records (whether in paper or electronic form) in Seller's care, custody or control ("Books and Records") that primarily relate to the engineering, design or development of the Project, including all technical and descriptive materials and drawings, Project scope documents, specifications, engineering reports or warranty and shipping records, invoices, supplier lists, correspondence and any other documents, records or files primarily related to the ownership, use or operation of the Project (collectively, "Project Records"); *provided, however*, that (i) subject to applicable Law, Seller shall be entitled to retain a copy of any and all Project Records to the extent such Project Records are not reasonably practicable to identify and extract; *provided*, that such Project Records shall be subject to Section 10.2 of the LLC Agreement, (ii) such Project Records shall not be deemed to include any Books and Records or portions thereof that are subject to restrictions on Transfer pursuant to applicable Law unless such Books and Records are required to be Transferred to Buyer under applicable Law, and (iii) such Project Records shall not include any Seller corporate record books or similar records of Seller containing all or a portion of Project Records related to the financing, accounting or capitalization of Seller, *provided* that such Project Records contained in any such corporate record books or similar records shall be subject to Section 10.2 of the LLCA;

(g) All Permits exclusively related to the Project Development or commercial operation of the Project, including the Permits set forth on Schedule 2.01 (g);

(h) All Project Intellectual Property, if any;

(i) All rights and claims under any and all transferable warranties extended by suppliers, vendors, contractors, manufacturers, and licensors related to any Assumed Contract or any other Purchased Asset defined in this Section 2.01, in each case, that is primarily related to the Project, including the items identified on Schedule 2.01(i);

(j) Any insurance proceeds (after deducting any costs and expenses incurred by Seller in connection with pursuing the underlying claims) received or receivable under any insurance policy of Seller written prior to the Closing Date in connection with (i) any Casualty Event resulting in damage or destruction of any Purchased Asset (or any asset that would have been a Purchased Asset but for such damage or destruction occurring prior to the Closing) and (ii) any Assumed Liability, in each, case, only to the extent the Purchase Price has not been reduced with respect to such Casualty Event or Assumed Liability;

(k) All claims, causes of action, choose in action, rights of recovery and rights under or with respect to the other Purchased Assets and the Assumed Liabilities; and

(l) Any other assets, rights, Contracts and claims owned or held immediately prior to the Closing by Seller that are exclusively related to the Project that are not Excluded Assets.

Notwithstanding anything in Section 2.01 to the contrary, unless otherwise agreed to by Buyer and Seller, the allocation of any Liabilities and the terms of any exculpation and indemnification provisions of any Conveyance Document (including but not limited to the Project Lease) shall be consistent with the terms and conditions of this Agreement.

Section 2.02 Excluded Assets. Notwithstanding anything in Section 2.01 to the contrary, the Purchased Assets shall not in any event include any of the following (the "Excluded Assets"):

(a) All cash, cash equivalents and securities owned and otherwise held by Seller;

(b) Any asset, property, right or Contract, the ownership or benefit of which is to be provided by Seller to Buyer pursuant to any Ancillary Agreement;

(c) All Substation Upgrade Facilities;

(d) All corporate seals, Organizational Documents, stock and corporate record books containing minutes of the board of trustees (or committees thereof) or equity holders of Seller, and all other records having to do with the finances or accounting, organization or capitalization of Seller;

(e) All owned and leased real property and other rights in real property of Seller;

(f) Except as expressly provided in Section 2.01, all rights to insurance policies and interests in insurance pools and programs of Seller and its Affiliates;

(g) Seller's employee benefit plans, programs, arrangements, agreements and policies, and any assets related thereto;

(h) All causes of action and defenses against third parties relating to any Excluded Assets or Excluded Liabilities as well as any books, records and privileged information relating thereto;

(i) Any interest in Contracts and other instruments, arrangements or understandings of any kind other than the Assumed Contracts and Buyer's rights and interest in and to any Conveyance Documents;

(j) The rights of Seller under this Agreement, the other Transaction Agreements and the Conveyance Documents and any other agreement, certificate, instrument or other document executed and delivered by Seller or Buyer in connection with the transactions contemplated hereby;

(k) Any Federal Communications Commission licenses held by Seller or its Affiliates;

(l) The assets, properties, rights, contracts, claims and Permits identified on Schedule 2.02 (i) that otherwise may be related to the Project but are being retained by Seller;

(m) Any other asset, property, right, contract, claim or Permit that is to be expressly retained by Seller pursuant to any Ancillary Agreement or Conveyance Document; and

(n) Other than any asset, property, right, contract, claim or Permit expressly provided to be Transferred to Buyer under Section 2.01 or the corresponding Schedules thereto, all other assets, properties, rights, contracts, claims or Permits of Seller, wherever located.

Section 2.03 Assumed Liabilities. On the terms and subject to the conditions of this Agreement, at the Closing, Buyer shall assume and become responsible for any and all Assumed Liabilities, regardless, except where expressly provided otherwise, of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to such Closing, or where or against whom such Liabilities are asserted or determined or whether determined prior to the date of this Agreement, but in each case, excluding the Excluded Liabilities. For purposes of this Agreement, the "Assumed Liabilities" mean:

(a) Any sales or transfer Taxes applicable to the Transfer of the Purchased Assets;

(b) All Liabilities for Taxes applicable to the Purchased Assets with respect to any period (or portion thereof) beginning after the Closing;

(c) All Liabilities arising under any Contract assigned or otherwise Transferred to Buyer under Section 2.01; and

(d) Except as otherwise expressly provided in this Agreement or the Schedules to this Agreement, any Ancillary Agreement or Conveyance Document, all Liabilities related to the ownership or use of the Purchased Assets.

Notwithstanding anything in this Section 2.03 to the contrary, nothing in this Section 2.03 shall affect the exculpation or indemnification rights and obligations, if any, of Buyer under any Ancillary Agreement.

Section 2.04 Excluded Liabilities. Notwithstanding the foregoing, the Assumed Liabilities shall not in any event include any of the following Liabilities (the "Excluded Liabilities"):

(a) All Liabilities associated with any Excluded Asset;

(b) All Liabilities for Taxes applicable to any Purchased Asset with respect to any period (or portion thereof) ending on or before the Closing in which such Purchased Asset was Transferred; and

(c) All Liabilities that are expressly contemplated by this Agreement or the Schedules to this Agreement, any Ancillary Agreement or any Conveyance Document to be assumed or retained by Seller.

Notwithstanding anything in this Section 2.04 to the contrary, nothing in this Section 2.04 shall affect the exculpation or indemnification rights and obligations, if any, of Seller under any Ancillary Agreement.

Section 2.05 Assignment of Certain Purchased Assets.

(a) If any Transfer of any Purchased Asset (or any claim, right or benefit arising thereunder) shall require the consent or approval of any third party (including the removal of any Lien (other than a Permitted Lien) and other than any consent identified on Schedule 6.02(e)) or would violate any applicable Laws and such consent or approval or removal has not been obtained by the Closing, then, notwithstanding any other provision of this Agreement to the contrary, the Transfer of such Purchased Asset shall automatically be deferred and no Transfer of such Purchased Asset (such a Purchased Asset being, a "Deferred Asset") shall occur until all legal impediments are removed (including the removal of any Lien (other than a Permitted Lien) or such consents or approvals have been obtained; *provided, however*, that Buyer, or Buyer and Seller, jointly, may elect to require the immediate Transfer of any such Purchased Asset notwithstanding that any requirement that an immaterial consent or approval be obtained; *provided, further,* that any Liabilities arising from such Transfer shall be (i) deemed to be an Assumed Liability (if Buyer solely elected such Transfer) and (ii) shared equally by Buyer and Seller (if the Parties jointly elected such Transfer).

(b) Any Deferred Asset shall be held in trust by Seller, for the benefit of Buyer, insofar as reasonably practical and to the extent permitted by applicable Law. To the

extent that any Deferred Asset cannot be Transferred without the approval or consent of any third party (including any Governmental Authority), this Agreement shall not constitute an agreement to Transfer such Deferred Asset if an attempted Transfer would constitute a breach of Contract or violate applicable Law. The Parties shall use their commercially reasonable efforts to develop and implement mutually acceptable arrangements to place Buyer, in so far as reasonably possible, in the same position as if such Deferred Asset had been Transferred at the Closing such that all the benefits and burdens relating to such Deferred Asset, including possession, use, risk of loss, potential for gain, ownership for regulatory accounting, any Liabilities for Tax and dominion, control and command over such Deferred Assets, inure to Buyer from and after the Closing; *provided* that no such arrangement will be deemed to have caused the Closing conditions in Section 6.02(a), Section 6.02(e) or Section 6.02(i) to have been satisfied unless, after giving effect to the foregoing, Buyer, without being in breach of Contract or applicable Law, will be able to continue, in all material respects, the Project Development of the Project and own and operate the Project in all material respects in the manner owned and operated by Seller prior to the Closing. If and when the legal or contractual impediments the presence of which caused the deferral of the Transfer of any Deferred Asset pursuant to this Section 2.05 are removed or any consents or approvals the absence of which caused the deferral of any Deferred Asset are obtained, the Transfer of the applicable Deferred Asset shall be effected in accordance with the terms of this Agreement and/or the applicable Conveyance Document. The obligations set forth in this Section 2.05 shall terminate on the two (2) year anniversary of the Closing Date.

(c) Unless otherwise agreed to by the Parties, any Deferred Asset shall be included in the Purchase Price at the Closing if the mutually acceptable arrangements provided for in this Section 2.05 would allow such Deferred Asset (or an intangible asset related to such Deferred Asset) to be included in the financial and regulatory books and records of Buyer under applicable regulatory accounting rules; *provided*, that each of Buyer and Seller shall cooperate in the regulatory accounting treatment of the foregoing; *provided further*, *however*, if the Transfer of any Deferred Asset does not occur by the second anniversary of the Closing Date, Seller shall promptly pay to Buyer, in immediately available funds, an amount equal to the net book value (as reflected on the books and records of the Party carrying such Deferred Asset on its books and records) of such Deferred Asset as of such date the obligations set forth in this Section 2.05, and no Transfer of such Deferred Asset shall occur.

Section 2.06 Closing. On (i) a date no later than the fifth (5^{th}) Business Day following the satisfaction, or waiver by the Party entitled to the benefit thereof, of the conditions precedent set forth in Section 6.01 and Section 6.02 or (ii) such other date as Seller and Buyer may mutually agree in writing (*provided* that in either case, the other conditions to closing specified in Sections 6.01 and 6.02 are then satisfied or have been waived), the Transfer and Acceptance of the Purchased Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "Closing") that will be held at the offices of Seller at 4 Irving Place, New York, New York 10003, or such other place as the Parties may agree in writing (the date on which the Closing takes place being, the "Closing Date" and the date on which any Closing takes place being, a "Closing Date").

Section 2.07 Purchase Price.

(a) Determination of Purchase Price. The aggregate consideration (the "Purchase Price") to be paid by Buyer to Seller for the Purchased Assets shall be an amount, in cash, equal to the difference of (i) the sum of (A) Seller's regulatory net book value of the Development Assets, *plus* (B) to the extent not reflected in (A), the Project Development C&E associated with such Purchased Assets, *less* (ii) the Closing Assumed Liability Amount, in each case as of the Closing Date and as calculated in accordance with this Agreement and subject to the adjustment in Section 2.10.

(b) Illustrative Estimated Signing Statement. Schedule I attached hereto sets forth a statement, as of the date of this Agreement (the "Illustrative Estimated Signing Statement") of the (i) projected regulatory net book value of each Purchased Asset or category of Purchased Assets as of the Closing, to be derived from the financial books and records of Seller, and prepared in good faith in accordance with the accounting principles, methodologies and polices approved by the Applicable Regulatory Authority and, to the extent not inconsistent therewith, in accordance with FERC Uniform System of Accounts and generally accepted accounting principles (collectively, the "Regulatory Methodologies"), (ii) the projected Closing Assumed Liability Amount, including the components thereof for each item of Indebtedness and each Assumed Liability, (iii) the projected Project Development C&E as of the Closing, and (iv) the projected aggregate Purchase Price for Purchased Assets as of the Closing, calculated in accordance with this Section 2.07(b).

(c) Closing Calculation. No less than ten (10) Business Days prior to the anticipated Closing Date, Seller will cause to be prepared and delivered to Buyer: (i) an updated version of Section 1.01 (Permitted Liens), Section 2.01 or Section 2.02, as applicable, prepared and delivered in accordance with Section 2.11, reflecting all Purchased Assets that are to be Transferred to Buyer on the Closing Date (as it pertains to the Closing, the "Final Updated Schedule"), which Final Updated Schedule shall replace any prior Updated Schedule and, upon delivery and acceptance by Buyer pursuant to, and subject to the provisions of, Section 2.11, shall become a part of this Agreement and (ii) a statement, prepared in the same format as the Illustrative Estimated Signing Statement (the "Estimated Closing Statement"), as of the expected Closing Date of (A) the regulatory net book value of each such Purchased Asset or category of Purchased Assets, derived from the financial books and records of Seller as of the end of the most recently completed calendar month thereof, and prepared in good faith in accordance with the Regulatory Methodologies, (B) the Closing Assumed Liability Amount, including the components thereof for each item of Indebtedness and each Assumed Liability, (C) the Project Development C&E associated with such Purchased Assets as of such date, and (D) the Purchase Price for the applicable Purchased Assets, as of the expected Closing Date, calculated in accordance with this Section 2.07(c).

(d) Access; Review Period. Seller shall, and shall cause its Representatives to, use its and their reasonable efforts to cooperate with Buyer and provide direct access to any information and documentation and other books and records, including work papers, and personnel and properties and other assets during normal business hours and upon reasonable notice to Seller, to assist Buyer in its review of the Estimated Closing Statement. Buyer shall have seven (7) Business Days from the date on which the Estimated Closing

Statement is delivered to it (the "Estimated Closing Statement Review Period") to review the Closing Statement. Seller shall, and shall cause its Representatives to, upon request, provide Buyer with reasonable assistance in reviewing such statements, including by providing the other party and its representatives with access to such information (including any books and records) and personnel and Representatives of Seller as Buyer may reasonably request in connection with its review and, subject to, in the case of independent accountant work papers, Buyer entering into a customary release agreement with respect thereto; *provided* that Seller shall not be obligated to deliver any accountant work papers that such accounting firm does not consent to delivery thereof. Unless Buyer delivers written notice (an "Estimated Closing Statement Dispute Notice") to Seller on or prior to the last day of the Estimated Closing Statement Review Period stating that it objects to any item or items shown or reflected on the Closing Statement (which objections may only be based on (i) manifest arithmetic error or (ii) any calculation not having been made in accordance with the Regulatory Methodologies), and specifying in reasonable detail the item or items to which it objects and the reasons therefor (the "Estimated Closing Statement Disputed Items"), the Final Updated Schedule shall be deemed final for purposes of determining the Purchase Price to be paid by Buyer at the Closing, subject to the adjustment in Section 2.10(e). In event of delivery of an Estimated Closing Statement Dispute Notice by Buyer, senior executives of Buyer (including any Manager of Buyer not appointed by an Affiliate of Seller), on the one hand, and Seller, on the other hand, shall attempt to resolve their differences arising from the Estimated Closing Statement Disputed Items, and any resolution agreed by them in writing shall be final for purposes of determining the Purchase Price to be paid by Buyer at the Closing, subject to the adjustment in Section 2.10(e); *provided, however*, that unless expressly agreed to in writing by Buyer, any such resolutions shall not modify or otherwise affect the rights of Buyer under Section 2.10, including the right to dispute any items. In the event that, for any reason, such senior executives are unable to amicably resolve all their differences in writing within ten (10) days (or such longer period as Buyer and Seller may agree in writing) following receipt of a Dispute Notice (the "Pre-Closing Resolution Period"), then the resolution of any remaining Estimated Closing Statement Disputed Items shall be resolved pursuant to Section 2.10 and the Final Updated Schedule delivered by Seller (as may be modified pursuant to the provisions of this Section 2.07(d)), shall be final for determining the Purchase Price to be paid by Buyer at the Closing, subject to the adjustment in Section 2.10(e). Unless otherwise agreed in writing by Buyer and Seller, the Closing shall not occur during the Pre-Closing Resolution Period. Notwithstanding the forgoing, nothing in this Section 2.07(d) shall limit the right of Buyer to assert that any of the conditions in Section 6.01 have not been satisfied and, unless expressly waived by Buyer in writing, no action taken (or failed to be taken) by Buyer pursuant to this Section 2.07(d) shall be deemed to be a waiver of such conditions.

(e) Updated Project Cost Statement; Closing Statement Support. Concurrently with the delivery of the Estimated Closing Statement for the Closing, Seller shall deliver to Buyer the Updated Project Cost Statement and shall also provide Buyer with: (i) summary information concerning charges to or expenses incurred by the Project from its inception, detailing, at a minimum, total direct labor, labor overhead, contractor/consultant, material, general and administrative expenses and other charges, and attaching invoices supporting such expenses and (ii) true and complete copies of all open purchase orders, together with a summary of major materials/contracting or consultant work purchased, amounts paid against open orders and balances owing against such orders.

(f) Prorations. To the extent permitted by applicable Law and the Regulatory Methodologies, the calculation of the regulatory net book value of any Purchased Asset pursuant to this Section 2.07 or Section 2.10 shall be made on the accrual basis of accounting, prorated from the end of the month immediately preceding the Closing or, if available, the month immediately following, the Closing.

Section 2.08 Closing Deliveries by Seller. At the Closing, Seller shall deliver (or cause to be delivered) to Buyer:

(a) Each Conveyance Document, duly executed by Seller, necessary to Transfer the Purchased Assets to Buyer and for Buyer to assume the Assumed Liabilities;

(b) Subject to Section 2.05, the consent of each third Person necessary to Transfer the Purchased Assets and for Buyer to assume the Assumed Liabilities;

(c) The Ancillary Agreements, duly executed by Seller;

(d) a certificate of good standing of Seller in the State of New York;

(e) a certificate of the secretary or other authorized officer of Seller, dated as of the Closing Date, and certifying that attached thereto are true and complete copies of all resolutions adopted by the board of trustees of Seller in connection with the transactions contemplated by this Agreement and all Conveyance Documents, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement and any Conveyance Documents;

(f) the certificate required by Section 6.02(c);

(g) a completed certification of non-foreign status pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations, duly executed by Seller; and

(h) all such other documents, agreements, instruments, writing and certificates as Buyer may reasonably request and as are necessary for Seller to satisfy its obligations hereunder.

Section 2.09 Closing Deliveries by Buyer. At the Closing, Buyer shall deliver (or cause to be delivered) to Seller:

(a) the Purchase Price, as calculated pursuant to Section 2.07, in cash, by wire transfer of immediately available funds, to an account or accounts as directed by Seller in writing prior to the Closing Date;

(b) any Ancillary Agreement, duly executed by Buyer;

(c) each Conveyance Document provided for in Section 2.08(a), duly executed by Buyer;

(d) a certificate of good standing of Buyer in the State of New York;

(e) a certificate of the secretary or other authorized Person on behalf of Buyer, dated as of the Closing Date, and certifying that attached thereto are true and complete copies of all resolutions adopted by the Board of Managers of Buyer in connection with the transactions contemplated by the Transaction Agreements, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by the Transaction Agreements;

(f) the certificate required by Section 6.01(c); and

(g) all such other documents, agreements, instruments, writings and certificates as Seller may reasonably request and as are necessary for Buyer to satisfy its obligations hereunder.

Section 2.10 Post-Closing Adjustment.

(a) No later than sixty (60) days after the Closing, Seller shall cause to be prepared and delivered to Buyer a statement, prepared in the same format as the Illustrative Estimated Signing Statement (the "Closing Statement"), as of the Closing Date, of (i) the regulatory net book value of each Purchased Asset or category of Purchased Assets Transferred to Buyer at the Closing, derived from the financial books and records of Seller and as of the end of the most recently completed calendar month immediately after the Closing, and prepared in good faith in accordance with the Regulatory Methodologies, (ii) the Closing Assumed Liability Amount, including the components thereof for each item of Indebtedness and each Assumed Liability, (iii) the Project Development C&E associated with such Purchased Assets incurred up to and as of the Closing, and (iv) the Purchase Price for the applicable Purchased Assets, as of the Closing Date, calculated in accordance with Section 2.07. Concurrently with the delivery of the Closing Statement for the Closing, Seller shall deliver to Buyer the Updated Project Cost Statement as of the Closing and shall also provide Buyer any update to the information specified in Section 2.07(e).

(b) Buyer shall have ten (10) days from the date on which the Closing Statement is delivered to it (the "Review Period") to review the Closing Statement. Seller shall, and shall cause its Representatives to, upon request, provide the other Party with reasonable assistance in reviewing such statements, including by providing the other Party and its Representatives with access to such information (including any books and records) and personnel and Representatives of Seller as Buyer may reasonably request in connection with its review and, subject to, in the case of independent accountant work papers, Buyer entering into a customary release agreement with respect thereto; *provided* that Seller shall not be obligated to deliver any accountant work papers that such accounting firm does not consent to delivery thereof. Unless Buyer delivers written notice to Seller on or prior to the last day of the Review Period stating that it objects to any item or items shown or reflected on the Closing Statement (which objections may only be based on (i) manifest arithmetic error, (ii) any calculation not having been made in accordance with the Regulatory Methodologies, (iii) that any asset or Liability reflected on the Final Updated Schedule is not a Purchased Asset or Assumed Liability as defined in this Agreement and should not have been Transferred or assumed at the Closing, and (iv) that the charges or expenses incurred by Seller for any Purchased Asset or Assumed Liability that are reflected in the Purchase Price or otherwise identified as Project Development C&E were

incorrectly billed or allocated to the Project or otherwise do not constitute Project Development C&E as defined in this Agreement, and, in each case, specifying in reasonable detail the item or items to which it objects and the reasons therefor (such item or items, the "Disputed Items" and such notice, the "Dispute Notice"), the Closing Statement shall be deemed accepted by Buyer and, without limiting Section 5.08, the calculations set forth therein shall be final, binding and conclusive for all purposes of determining the true-up payments in Section 2.10(e), if any.

(c) In the event of delivery of a Dispute Notice by Buyer, senior executives of Buyer (including a Manager of Buyer not appointed by an Affiliate of Seller), on the one hand, and Seller, on the other hand, shall attempt to resolve their differences arising from the Disputed Items, and any resolution agreed by them in writing shall be final, binding and conclusive for all purposes of determining the true-up payments in Section 2.10(e), if any. In the event that, for any reason, such senior executives are unable to amicably resolve all their differences in writing within ten (10) days (or such longer period as the Parties may agree in writing) following receipt of a Dispute Notice (the "Resolution Period"), any remaining Disputed Item not agreed in writing by the Parties shall be submitted to a partner of a nationally recognized independent accounting firm mutually agreed to by the Parties (or, in the event the Parties cannot so agree, as appointed by the AAA) (the "Independent Accountant"); *provided, however*, that any remaining Disputed Item related to any matter addressed in Section 2.10(b)(iii) shall not be submitted to the Independent Accountant and, in such case, any such Purchased Asset or Assumed Liability as reflected in the Closing Statement shall be final, binding and conclusive for all purposes of determining the true-up payments in Section 2.10(e), if any; *provided, further, however*, nothing in the foregoing shall limit the right of Buyer to commence an Action pursuant to Section 9.11 to resolve any such Disputed Item. If, for any reason, the Parties are unable to agree on the Disputed Items within the Resolution Period, each of Buyer, on the one hand, and Seller, on the other hand, shall prepare separate written reports of such Disputed Items and deliver such reports to the Independent Accountant within twenty (20) days after the later of the expiration of the Resolution Period and the date the Independent Accountant is retained. The Parties shall use their respective reasonable efforts to cause the Independent Accountant to, acting as an expert, as soon as practicable and in any event, barring exceptional circumstances, within thirty (30) days after receiving such written reports, determine the manner in which the Disputed Items shall be treated in the Closing Statements; *provided, however*, that the dollar amount of each item in dispute shall be determined within the range of dollar amounts proposed by Buyer, on the one hand, and Seller, on the other hand. The Parties acknowledge and agree that (i) the review by and determination of the Independent Accountant shall be limited to, and only to, the unresolved Disputed Items contained in the reports prepared and submitted to the Independent Accountant by the Parties and (ii) the determinations by the Independent Accountant shall be based solely on such reports submitted by the Parties and the basis for each Party's respective positions. Each Party agrees to enter into an engagement letter with the Independent Accountant containing customary terms and conditions for this type of engagement. The Parties shall use their commercially reasonable efforts to cooperate with and provide information and documentation, including work papers, to assist the Independent Accountant. Any such information or documentation provided by any Party to the Independent Accountant shall be concurrently delivered to the other Party, subject, in the case of independent accountant work papers, to such other Party entering into a customary confidentiality and release agreement with respect thereto. None of the Parties shall disclose to the Independent Accountant, and the Independent Accountant shall not consider for any purposes, any settlement discussions or

settlement offers made by any of the Parties with respect to any objection under this Section 2.10. The determinations by the Independent Accountant as to the Disputed Items shall be in writing and shall be an expert determination that is final, binding and conclusive for all purposes of determining the adjustments in this Section 2.10, if any, and such determination may be entered and enforced in any court of competent jurisdiction. The fees, costs and expenses of retaining the Independent Accountant shall be borne by Buyer, on the one hand, and Seller, on the other hand, in proportion to those matters submitted to the Independent Accountant that are resolved against Buyer, on the one hand, and Seller, on the other hand, and the allocation of such fees, costs and expenses shall be so determined by the Independent Accountant.

(d) No later than the fifth (5th) Business Day immediately following the resolution of all Disputed Items (or, if there is no dispute, promptly after the Parties reach agreement on the Closing Statement), Seller shall revise the Closing Statement to reflect the resolution of any Disputed Items (as so revised, the "Final Closing Statement") and shall deliver a copy thereof to Buyer. Buyer shall have five (5) Business Days from the date on which the Final Closing Statement is delivered to it to review the Final Closing Statement solely for purposes of confirming that such statements accurately reflect the prior resolution of all matters set forth in the Dispute Notice either by mutual agreement of the Parties or by the Independent Accountant, as applicable. The calculations of the Purchase Price as provided for in Section 2.07, and the amount of any True-Up Payment Amount pursuant to Section 2.10(e), once accepted by Buyer in the manner provided by the preceding sentence, shall be referred to as the "Final Statement."

(e) Effective upon the end of the Review Period (if a timely Dispute Notice is not delivered), or upon the resolution of all matters set forth in the Dispute Notice either by mutual agreement of the Parties or by the Independent Accountant, the Parties shall make the following true-up payments:

(i) If the True-Up Payment Amount is positive, within two (2) Business Days of the determination thereof Buyer shall transfer to Seller the amount of such True-Up Payment Amount, together with interest thereon from and including the Closing Date but not including the date of such transfer, computed at the Federal Funds Rate plus one hundred and fifty (150) basis points, by wire transfer of immediately available funds to an account or accounts designated in writing by Seller.

(ii) If the True-Up Payment Amount is negative, within two (2) Business Days of the determination thereof Seller shall transfer to Buyer an amount equal to the absolute value of such True-Up Payment Amount, together with interest thereon from and including the Closing Date but not including the date of such transfer, computed at the Federal Funds Rate plus one hundred and fifty (150) basis points, by wire transfer of immediately available funds to an account or accounts designated in writing by Buyer.

(f) As used in Section 2.10(e), the "True-Up Payment Amount" shall mean an amount (which may be positive or negative) equal to the difference of the Purchase Price reflected in the Final Statement, minus the Purchase Price paid by Buyer to Seller at the Closing.

(g) The Purchase Price, as reflected in the Final Statement, shall be allocated among the Purchased Assets Transferred to Buyer at the Closing in accordance with applicable Tax Law.

Section 2.11 Updating of Schedules.

(a) Subject to Section 2.10, from the date of this Agreement until the Closing, Seller shall update and deliver to Buyer at least monthly (and, within forty-five (45) days prior to the expected Closing Date, as promptly as practicable upon Seller becoming aware of any material matter addressed in (x) and (y) below that would require a Proposed Schedule Update), the Schedules referenced in Section 1.01 (Permitted Lien), Section 2.01, together, solely to the extent necessary, any update to any of the Schedules referenced in ARTICLE III (each, a "Proposed Schedule Update"), (w) to add any item to Schedule 1.01(Permitted Lien) pursuant to Section 2.10, (x) to reflect the acquisition of any asset that would constitute a Purchased Asset, the entry into any Contract that would constitute an Assumed Contract, the assumption of any Liability that would constitute an Assumed Liability, the taking of any action (or the failure to take any action) or the occurrence of any event, fact or circumstance, that would have been disclosed by Seller on such Schedules if such acquisition, entry, assumption, action, or occurrence had occurred prior to the date of this Agreement, (y) to remove an item from any Schedule to correct any manifest error of any item listed on any such Schedule that does not correspond to the specific description of a Purchased Asset or Assumed Liability or otherwise was not intended by the Parties to be a Purchased Asset or an Assumed Liability or to correct the Purchase Price not correctly calculated in accordance with the Regulatory Methodologies, and (z) to update any of the Schedules in pursuant to 2.11(a) (collectively, an "Updated Disclosure Item"); *provided, however,* that, with respect to clause (x) above, without the consent of Buyer, Seller may only include an Updated Disclosure Item if such acquisition, entry, assumption, action or occurrence: (i) substantially corresponds to a specific description of a Purchased Asset contained in **Error! Reference source not found.**, (b), (d), (e), (g), and (i); (ii) arose in the ordinary course of the Project Development of the Project; and (iii) did not arise out of or result from Seller breaching this Agreement, materially violating any applicable Law or failing to conduct the Project Development of the Project reasonably and in accordance with Good Utility Practice.

(b) Buyer shall have ten (10) Business Days (five (5) Business Days if within forty-five (45) days prior to the expected Closing Date) (any such period, the "Schedule Review Period") to review the Proposed Schedule Update and each Updated Disclosure Item, including the Proposed Schedule Update that will be the Final Updated Schedule to be delivered to Buyer pursuant to Section 2.07(c). Seller shall, and shall cause its Representatives to, upon request, provide Buyer and its Representatives reasonable assistance in reviewing the Proposed Schedule Update, including providing Buyer and its Representatives with access to such information (including any books and records) and personnel and Representatives of Seller as Buyer may reasonably request in its review and, subject to, in the case of independent accountant work papers, Buyer entering into a customary release agreement with respect thereto.

(c) Unless Buyer delivers written notice to Seller (a "Schedule Dispute Notice") on or prior to the last day of the Schedule Review Period stating that it objects to any Updated Disclosure Item contained therein, and specifying in reasonable detail the item or items

to which it objects and the reasons therefor (such items or items, "Disputed Schedule Items"), the Proposed Schedule Update shall be deemed to have updated the applicable Schedules referenced in Section 1.01(Permitted Lien), Section 2.01 and any of the Schedules referenced in Article III as specified in the Proposed Schedule Update (any such Schedule, an "Updated Schedule").

(d) Subject to Section 2.11(f), in event of delivery of a Schedule Dispute Notice by Buyer, senior executives of Buyer (including a Manager of Buyer not appointed by an Affiliate of Seller), on the one hand, and Seller, on the other hand, shall attempt to resolve their differences arising from the Disputed Schedule Items, and any resolution agreed by them in writing shall be deemed to have updated the applicable Schedules referenced in Section 1.01 (Permitted Lien), Section 2.01 and any of the Schedules referenced in Article III as specified in such writing (any such Schedule, also an "Updated Schedule"). In the event that, for any reason, such senior executives are unable to amicably resolve all their differences in writing within ten (10) days (or such longer period as the Parties may agree in writing) following receipt of a Schedule Dispute Notice (such period, the "Schedule Dispute Review Period"), Buyer shall have the right to commence an Action pursuant to Section 9.11 to resolve such Disputed Schedule Item; *provided*, *however*, that if Buyer does not exercise such right within ten (10) Business Days, any remaining Disputed Schedule Items after the Schedule Dispute Review Period shall be deemed to have updated the applicable Schedules referenced in Section 2.01 and any of the Schedules referenced in Article III as specified in the Proposed Schedule Update (any such Schedule, also an "Updated Schedule").

(e) Notwithstanding anything in this Section 2.11 to the contrary, nothing in this Section 2.11 (i) shall limit Section 5.08 or (ii) shall effect or modify (A) the representations and warranties of Seller contained in Article IV or the closing condition in Section 6.02(a) except as expressly set forth in such Updated Schedule or (B) the rights of Buyer under Section 2.07 and Section 2.10, including the right to dispute items thereunder.

(f) Notwithstanding anything in this Section 2.11 to the contrary, any Proposed Schedule Update by Seller to update the Schedule referenced in Section 1.01(Permitted Lien) to include a Lien as a scheduled Permitted Lien in clause (e) of the definition of Permitted Lien shall be subject to the approval of Buyer, in its sole discretion. If Buyer delivers a timely Schedule Dispute Notice pursuant to Section 2.11(d) with respect to such Proposed Schedule Update, such Proposed Schedule Update (with respect to the matters not approved by Buyer) shall not be deemed to be an Updated Schedule and such Lien giving rise to such Proposed Schedule Update shall not be considered a Permitted Lien. Nothing in the foregoing shall prevent any Purchased Asset encumbered by such Lien from being a Deferred Asset pursuant to Section 2.06.

(g) Any Updated Schedule made pursuant to and in compliance with this Section 2.11 shall be deemed to have updated the applicable Schedule set forth in such Updated Schedule as of the date of this Agreement for purposes of any representation and warranty made by the Parties pursuant to Article III and Article IV.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as of the date hereof and as of the Closing Date, unless otherwise specified, as follows:

Section 3.01 Organization and Good Standing. Seller is duly organized, validly existing and in good standing under the laws of the State of New York and is duly qualified to do business and is in good standing in all jurisdictions in which the nature of its business or properties makes such qualification necessary. Seller has the necessary corporate power and authority to own its properties, to carry on its business as now being conducted.

Section 3.02 Authority. Seller has the right, power and authority to enter into this Agreement, each Ancillary Agreement and each Conveyance Document and to perform its obligations hereunder and thereunder and, subject to the conditions set forth herein, to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each Ancillary Agreement and Conveyance Document and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles, regardless of whether enforceability is sought in a proceeding in equity or at law (the "Bankruptcy and Equity Exceptions"). Each Ancillary Agreement and Conveyance Document, when executed and delivered by Seller and the other Parties thereto, will constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, subject to the Bankruptcy and Equity Exceptions.

Section 3.03 Consents and Approvals; No Conflict.

(a) Except for any required filings with and approvals of applicable Governmental Authorities (as set forth in Section 6.01(d) hereof) and the other approvals and notices identified on Section 6.02(e), no filing or registration with, and no Permit, authorization, consent, order or approval of, any Governmental Authority is necessary or required in connection with the execution and delivery of this Agreement or any Ancillary Agreement or Conveyance Document by Seller or the consummation by Seller of the transactions contemplated hereby or thereby.

(b) Subject to making the filings and receipt of the approvals referenced in Section 3.03(a), neither the execution, delivery and performance of this Agreement, any Ancillary Agreement or Conveyance Document, nor the consummation of the transactions contemplated hereby and thereby will violate, breach or conflict with (or, in the case of clause (iii) below, give rise to a material default or right of cancellation, termination, acceleration or increased cost under or impose any Lien (other than a Permitted Lien)), (i) the Organizational Documents of Seller, (ii) violate any Law applicable to Seller or any of its Affiliates or any of its

or their respective assets or businesses or (iii) subject to obtaining the third party consents identified on Section 3.03(b) hereto, any material agreement or instrument applicable to or binding upon Seller or any of its assets, except, in the case of clauses (ii) and (iii) above, for such violations, breaches, conflicts, defaults, rights, increased costs, or Liens that, individually or in the aggregate, are not reasonably expected to have a material adverse effect on, or prevent or materially delay, the consummation of the transactions contemplated hereby.

Section 3.04 Litigation. There are no actions, disputes, claims, suits, complaints, mediations, arbitrations, investigations or other proceedings pending before any Governmental Authority (excluding the Applicable Regulatory Authorities) or, to the knowledge of Seller, threatened against or affecting Seller that relates to any Purchased Asset or the Project that would, if adversely determined, have a material adverse effect on the Project Development of the Project or the Purchased Assets or on Seller's ability to perform its obligations hereunder, under any Ancillary Agreement or any Conveyance Document, or on the validity or enforceability of this Agreement, any Ancillary Agreement or any Conveyance Document.

Section 3.05 Purchased Assets.

(a) As of the Closing Date, the Purchased Assets shall constitute all of the assets that Seller shall have developed, owned, leased or in which Seller shall have an interest as of such date that are related to the Project Development of the Project, except for such assets that are expressly contemplated to be retained by Seller pursuant to Section 2.02.

(b) Subject to receipt of the approvals referenced in Section 3.03, and taking into account the services and other benefits to be provided pursuant to any Ancillary Agreement, as of the date of the Closing Date, the Purchased Assets, together with the services or other benefits to made available pursuant to any Ancillary Agreement, will be sufficient to permit Buyer to continue the Project Development of the Project in substantially the manner contemplated (subject to such changes resulting from any approval specified in Section 3.03(a) in any order by a Government Authority).

(c) Prior to and from the date of this Agreement through the Closing Date, Seller has conducted the Project Development of the Project in accordance with Good Utility Practice, except for where the failure to do so would not reasonably be expected to have a material adverse effect on the Project Development of the Project.

(d) As of the Closing Date, except for those rights granted by this Agreement, any Transaction Agreement or any Conveyance Document, no Person has any rights to acquire or lease all or any portion of any Purchased Asset owned or otherwise held by Seller as of such dates, or obtain any interest therein (other than any rights pursuant to a Permitted Lien), and no Person has any outstanding options, rights of first refusal or first offer or rights of reverter, or any other similar rights with respect to any Purchased Asset.

Section 3.06 [Intentionally Omitted.]

Section 3.07 Regulatory Net Book Value; Closing Assumed Liability Amount.

(a) When delivered in accordance with the terms of this Agreement, the regulatory net book value of each Purchased Asset or category of Purchased Assets that will be contained in the Estimated Closing Statement and the Closing Statement, shall have been prepared in good faith by Seller and shall have been derived from Seller's financial books and records and (iii) shall present fairly, in all material respects, the regulatory net book value of each such Purchased Asset or category of Purchased Assets as of the dates stated in the Illustrative Estimated Closing Statement or the Closing Statement, as applicable.

(b) When delivered in accordance with the terms of this Agreement, the Closing Assumed Liability Amount that will be contained in the Estimated Closing Statement and the Closing Statement (A) shall have been prepared in good faith by Seller and shall have been derived from Seller's financial books and records and (B) shall present fairly, in all material respects, the Closing Assumed Liability Amount as of the dates stated in the Estimated Closing Statement and the Closing Statement, as applicable.

Section 3.08 Compliance With Laws. Except as would not reasonably be expected to have a material adverse effect on the Project Development of the Project, the Project Development of the Project has been conducted in compliance with all applicable Laws; provided, however, that no representation or warranty is made in this Section 3.08 as to compliance with, or liability under or with respect to, Environmental Law or Hazardous Materials.

Section 3.09 Assumed Contracts.

(a) As of the date of this Agreement and the Closing Date, each Contract to be assumed by Buyer at the Closing (each such Contract being, an "Assumed Contract"), is a legal, valid and binding obligation of, and enforceable against Seller and, to the knowledge of Seller, each other party thereto, and is in full force and effect in accordance with its terms, except for (i) terminations or expirations at the end of the stated term in the ordinary course of business consistent with past practice or (ii) such failures to be legal, valid and binding or to be in full force and effect that would not reasonably be expected, individually or in the aggregate, to have a material adverse effect on the Project Development of the Project, in each case, subject to the Bankruptcy and Equity Exceptions.

(b) As of the date of this Agreement and the Closing Date, Seller is in compliance with all terms and requirements of each Assumed Contract, and no event has occurred, with notice or passage of time, or both that would constitute a breach or default by Seller under any such Assumed Contract, and, to the knowledge of Seller, no other party to any Assumed Contract is in breach or default (or has any event occurred which, with the notice or the passage of time, or both, would constitute such a breach or default) under any Assumed Contract, except in each case where such violation, breach, default or event of default would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Project Development of the Project.

(c) None of the Assumed Contracts purports to limit or otherwise restrict in any material respect Buyer or any of the members of Buyer (or any of their respective Affiliates) from competing or engaging in any business or contains any exclusivity or non-

solicitation provisions that would be binding on Buyer, any member of Buyer or any of their respective Affiliates (other than non-solicitation provisions restricting the solicitation or hiring of the counterparties' employees that would be binding only upon Buyer and not its members or their respective Affiliates).

(d) No Affiliate of Seller is a party to any Assumed Contract, or has any economic interests in any Assumed Contract separate from the interest of Seller in such Assumed Contract.

(e) On or prior to the Closing Date, Seller shall have provided Buyer true and complete copies of all Assumed Contracts as of such date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as of the date hereof and as of the Closing Date as follows:

Section 4.01 Organization and Good Standing. Buyer is duly organized, validly existing and in good standing under the laws of the State of New York and is duly qualified to do business and is in good standing in all jurisdictions in which the nature of its business or properties makes such qualification necessary. Buyer has the necessary limited liability company power and authority to own its properties, to carry on its business as now being conducted and as proposed to be conducted.

Section 4.02 Authority. Buyer has the right, power and authority to enter into this Agreement and any Ancillary Agreement and each Conveyance Document to which it is party and to perform its obligations hereunder and thereunder and, subject to the conditions set forth herein, to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement, any Ancillary Agreement and each Conveyance Document to which it is party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary limited liability company action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the Bankruptcy and Equity Exceptions. The O&M Agreement and each Conveyance Document to which Buyer is party, when executed and delivered by Buyer and the other Parties thereto, will constitute the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, subject to the Bankruptcy and Equity Exceptions.

Section 4.03 Consents and Approvals; No Conflict.

(a) Except for any required filings with and approvals of applicable Governmental Authorities (as set forth in Section 6.02(d) hereof) and the other approvals and notices identified on Section 6.02(e), no filing or registration with, and no permit, authorization, consent, order or approval of, any Governmental Authority is necessary or required in connection with the execution and delivery of this Agreement or any Ancillary Agreements by Buyer or the consummation by Buyer of the transactions contemplated hereby or thereby.

(b) Subject to making the filings and receipt of the approvals in referenced in Section 4.03(a), neither the execution, delivery and performance of this Agreement, any Ancillary Agreement and each Conveyance Document, nor the consummation of the transactions contemplated hereby and thereby, will violate, breach or conflict with (or, in the case of clause (iii) below, give rise to a material default or right of cancellation, termination, acceleration or increased cost under or impose any Lien (other than a Permitted Lien)), (i) the Organizational Documents of Buyer, (ii) any applicable Law applicable to Buyer or any Affiliate of Buyer or any of its or their respective assets or business or (iii) any material agreement or instrument applicable to or binding upon Buyer or any of its assets, except, in the case of clauses (ii) and (iii) above, for such violations, breaches, defaults, rights, increased costs, or Liens that, individually or in the aggregate, are not reasonably expected to have a material adverse effect on, or prevent or materially delay, the consummation of the transactions contemplated hereby.

Section 4.04 Litigation. There are no actions, disputes, claims, suits, complaints, mediations, arbitrations, investigations or other proceedings pending before any Governmental Authority (excluding the Applicable Regulatory Authorities) or, to the knowledge of Buyer, threatened against or affecting Buyer that would, if adversely determined, have a material adverse effect on the Project Development of the Project and Purchased Assets on Buyer's ability to perform its obligations hereunder or under any Ancillary Agreement, or on the validity or enforceability of this Agreement, any Ancillary Agreement or any Conveyance Document to which it is party.

Section 4.05 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN ARTICLE III, BUYER ACKNOWLEDGES THAT ALL OF THE PURCHASED ASSETS ARE BEING SOLD TO BUYER "AS IS", "WHERE IS" AND "WITH ALL FAULTS" AND THAT SELLER IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, INCLUDING WITH RESPECT TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT OF, OR TITLE TO, THE PURCHASED ASSETS, OR ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. BUYER IS A SOPHISTICATED PARTY AND HAS CONDUCTED ITS OWN DUE DILIGENCE INVESTIGATION OF THE PURCHASED ASSETS AND THE ASSUMED LIABILITIES. ANY WARRANTIES PROVIDED BY MANUFACTURERS, ENGINEERS, LICENSORS OR OTHER THIRD PARTIES RELATED TO OR INCLUDED AMONG THE PURCHASED ASSETS DO NOT CONSTITUTE WARRANTIES OF SELLER AND SELLER MAKES NO REPRESENTATION OR WARRANTY REGARDING THE VALIDITY OR ENFORCEABILITY OF SUCH WARRANTIES.

ARTICLE V

COVENANTS

Section 5.01 Governmental and Other Consents and Approvals.

(a) Upon the terms and subject to the conditions of this Agreement, each of the Parties shall cooperate with the other and use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or

advisable to consummate and make effective, as soon as practicable after the date of this Agreement, the transactions contemplated by this Agreement, any Ancillary Agreement and the Conveyance Documents. Without limiting the generality of the forgoing, upon the terms and subject to the conditions of this Agreement, from the date of this Agreement until the date of the Closing, each of the Parties shall use commercially reasonable efforts to: (i) promptly prepare and file all necessary documentation to effectuate all necessary filings, applications, notices, petitions and other documents, and otherwise to seek and obtain (and take all such other actions as may be required or requested by any Governmental Authority to seek and obtain, including promptly complying with any reasonable information or document requests from any Governmental Authority) all authorizations, consents, approvals and orders of, or exemptions or non-oppositions by, any Governmental Authority required to be obtained or made by Seller or Buyer in connection with this Agreement, any Ancillary Agreement or the Conveyance Documents or the taking of any action contemplated hereby or thereby; (ii) avoid the entry of, or to effect the dissolution of, any decree, order, judgment, injunction, temporary restraining order or other order in any suit or proceeding (each, an "Order") that would otherwise have the effect of preventing or materially delaying the consummation of the transactions contemplated by this Agreement; and (iii) defend any lawsuits or other legal or regulatory proceedings, whether judicial or administrative, challenging this Agreement, any Ancillary Agreement, the Conveyance Documents or the transactions contemplated hereby or thereby, whether brought by a Governmental Authority or any third party. The Parties shall provide to any Governmental Authority notice of any actions under this Agreement that are required by applicable Law. In connection with the foregoing, Buyer shall have the right to review and approve in advance all characterizations of the information relating to the Project or Buyer, on the one hand, and Seller shall have the right to review and approve in advance all characterizations of the information relating to Seller or the Project, on the other hand, which appear in any filing made with any Governmental Authority in connection with the transactions contemplated by this Agreement (such approvals not to be unreasonably withheld, delayed or conditioned), in each case in a manner that protects attorney-client or attorney-work-product privilege. The Parties shall consult with one another with respect to the obtaining of all such approvals of Governmental Authorities and shall keep each other informed of the status thereof. The Parties will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as each may reasonably request of the other in connection with the foregoing. Notwithstanding the foregoing, no party shall be required to take any action (or not take any action) pursuant to this Section 5.01(a) that would cause any conditions to Closing of such Party in Article VI not to be satisfied.

(b) The Parties agree to cooperate and use commercially reasonable efforts to obtain any other consent and approval that may be required in connection with the transactions contemplated hereby*; provided, however*, that Seller shall not be required to compensate any third party in any material amount, commence or participate in litigation or offer or grant any material accommodation (financial or otherwise) to any third party to obtain any such consent or approval unless Buyer agrees to an adjustment in the Purchase Price hereunder in an amount equal to, or otherwise compensate Seller for, the costs incurred by Seller in connection therewith.

Section 5.02 Access to Purchased Assets.

(a) Seller shall, from the date hereof until the Closing Date, allow Buyer and its designees (subject to their compliance with Seller's safety and security procedures and provided they are accompanied by one or more escorts of Seller) access at reasonable times and places to any and all of the Purchased Assets for the purpose of inspecting the same, to the extent permitted by applicable Law, for any reasonable purpose related to this Agreement or any Conveyance Document*; provided* that any books and records or other information that is subject to an attorney-client or other legal privilege or obligation of confidentiality or non-disclosure shall not be made so accessible (*provided* that in any such event Seller shall notify Buyer in reasonable detail of the circumstances giving rise to any such privilege or obligation and use commercially reasonable efforts to seek to permit disclosure of such information, to the extent possible, in a manner consistent with such privilege or obligation).

(b) Buyer shall indemnify, defend and hold harmless Seller and Seller Indemnified Parties from and against any and all Losses suffered or incurred by any of them as a result of, or arising out of, such access, including for personal injury (including death) or damage to property (including under Environmental Law) , except to the extent such Loss is the result of, or arising out of, the gross negligence or willful misconduct of any Seller Indemnified Party.

Section 5.03 Title Reports. [Intentionally Omitted].

Section 5.04 Casualty; Condemnation.

(a) Subject to Section 5.04(c), if any Purchased Asset is damaged by fire or other casualty at or prior to the Closing for such Purchased Asset (a "Casualty Event"), such Purchased Asset shall be Transferred at the Closing and the Purchase Price shall not be adjusted; *provided* that (i) Buyer shall receive an assignment of all right, title and interest in and to any insurance proceeds relating to such Casualty Event (after deducting any costs and expenses incurred by Seller in connection with pursuing the underlying claim) and (ii) Seller shall remain liable to pay Buyer any additional amounts necessary (either as a consequence of the application of deductibles, self-insurance or otherwise of Seller) to complete restoration; *provided, further, however*, that Seller's maximum obligation (including any insurance proceeds) to restore such Purchased Asset shall not exceed the regulatory net book value of such Purchased Asset, as reflected in the Final Statement.

(b) In the event that any Purchased Asset is subject to condemnation or taking by eminent domain in any Action settled, consented to or finally adjudicated prior to the Closing Date, such Purchased Asset shall not be conveyed to Buyer at the Closing (and the Purchase Price shall be adjusted accordingly), and Seller shall be entitled to any compensation, payment or other relief in connection therewith; *provided* that an underlying Action shall be considered finally adjudicated when an order determining any compensation, payments or other relief to be paid with respect to such Action has been issued by a court of competent jurisdiction and has become nonappealable.

(c) Notwithstanding anything in Section 5.04(a) and Section 5.04(b) to the contrary, Buyer shall have the right to terminate this Agreement after a Casualty Event

pursuant to Section 8.01(f) if such Casualty Event has had a material adverse effect on the Project Development of the Project.

Section 5.05 Enforcement of Warranties. The Parties acknowledge that the Contracts identified on Schedule 5.05 are Multifunction Contracts, none of which are being assigned to Buyer (in whole or in part) hereunder and all of which shall constitute Excluded Assets. Notwithstanding the foregoing, Seller covenants and agrees, from and after the Closing and for so long as the same are enforceable by Seller, to use commercially reasonable efforts, at Buyer's request and expense, to (a) enforce for the benefit of Buyer any and all rights and claims under warranties given thereunder and under any other nontransferable warranties extended by manufacturers, suppliers, vendors, contractors and other counterparties under any Assumed Contract, in each case to the extent applicable to any Purchased Asset, and (b) promptly remit to Buyer any and all amounts actually recovered (net of Seller's costs and expenses of collection) in connection therewith*; provided, however, that* Seller shall not be required to institute any legal action against the grantor of the warranty to fulfill its obligations under this Section 5.05.

Section 5.06 [Intentionally Omitted].

Section 5.07 Confidentiality.

(a) Until the Closing (or, if for any reason the sale and purchase of the Purchased Assets is not consummated, until the date that is three (3) years after the date on which this Agreement is terminated (or, in the case of Protected Critical Infrastructure Information, indefinitely), Buyer shall hold, and shall cause its members, managers, officers, directors, employees, agents, consultants and advisors (collectively, "Representatives") to hold, in strict confidence, and not to disclose or release or use, for any purpose other than as expressly permitted by this Agreement, any and all Confidential Information, without the prior written consent of Seller; *provided* that Buyer may disclose, or may permit disclosure of, Confidential Information (other than Protected Critical Infrastructure Information) (i) to those of its auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information for auditing, financial statement preparation and other non-commercial purposes, (ii) if required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) to the extent necessary in connection with required or routine reporting to its potential or current members, partners and lenders or other financial or capital sources or (iv) to the extent necessary in connection with any proposed merger, sale of assets, business combination, financing, or other similar transaction in which Buyer may become a party; *provided* that in each such case (other than the case of clause (ii) above), the recipients of such information are bound by professional obligation or written agreement to hold such information confidential at least to the same extent as Buyer is obligated under this Section 5.07, and *provided, further*, that Buyer shall in all events remain liable for any failure by such recipients to comply with such obligation.

(b) Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to Section 5.07(a), Buyer shall promptly notify Seller of the existence of such request or demand and shall, if not prohibited by applicable Law and reasonably practicable, provide Seller with thirty (30) days to seek an appropriate protective order or other remedy, which the Parties will use commercially

reasonable efforts to cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, Seller shall or shall cause Buyer to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information. With respect to regulatory requests received in the ordinary course, Buyer shall use at least the same degree of care (which in no event shall be less than reasonable care) in connection with demands or requests for the disclosure of Seller's Confidential Information as it uses to protect its own similar Confidential Information in connection with similar regulatory requests. In the event this Agreement is terminated for any reason and the sale and purchase of any Purchased Assets is not consummated, Buyer shall promptly destroy, and certify as to the destruction of, any and all Confidential Information in its possession, upon receipt of Seller's written request.

(c) Any Environmental Information Transferred to Buyer by Seller at the Closing (or otherwise provided to Buyer by Seller) that contains any proprietary or Confidential Information shall be so Transferred or provided under a joint defense agreement between Buyer and Seller, in a form reasonably satisfactory to the Parties.

Section 5.08 Further Action. Prior to the Closing, and subject to the terms and conditions of this Agreement, each Party (a) shall execute and deliver, or cause to be executed and delivered, such documents and other papers and shall take, or cause to be taken, such further actions as may reasonably be required to carry out the provisions of this Agreement, each Ancillary Agreement and Conveyance Document and give effect to the transactions contemplated hereby and thereby and (b) shall refrain from taking any actions that would reasonably be expected to impair, delay or impede the transaction contemplated by this Agreement. For two (2) years following the Closing, the Parties shall execute, acknowledge and deliver all reasonable further conveyances, notices, assumptions, releases and acquittances and such instruments, and shall take such reasonable actions as may be necessary or appropriate to make effective the transactions contemplated hereby as may be reasonably requested by the other Party, including using commercially reasonable efforts to (i) transfer back to Seller any asset or liability not contemplated by this Agreement to be a Purchased Asset or an Assumed Liability, respectively, which asset or liability was transferred to Buyer at Closing and (ii) transfer to Buyer any asset or liability contemplated by this Agreement to be a Purchased Asset or an Assumed Liability, respectively, which was not transferred to Buyer at the Closing; *provided, however*, that in either case, the Purchase Price paid in connection therewith is in an amount consistent with Section 2.08.

ARTICLE VI

CONDITIONS TO CLOSING

Section 6.01 Conditions to Obligation of Seller. The obligation of Seller to consummate the transactions contemplated at the Closing shall be subject to the fulfillment or waiver by Seller in its sole discretion, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects on the Closing Date with the same effect as if made on such Closing Date.

(b) Covenants. Buyer shall have performed and complied in all material respects with its covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) Officer's Certificate. An officer of Buyer shall have delivered a certificate, dated as of such Closing Date, signed by such officer on behalf of Buyer confirming the satisfaction of the conditions contained in subsections (a) and (b) of this Section 6.01.

(d) Governmental Approvals. (i) The Transfer of the Purchased Assets shall, to the extent required, have received the approval of the NYPSC under Section 70 of the New York State Public Service Law, in the form and substance reasonably satisfactory to Seller; and (ii) any waiting period under the HSR Act, to the extent applicable, shall have expired or been earlier terminated.

(e) Other Required Approvals. (i) All consents, approvals and permits listed on Schedule 6.02(e) shall have been obtained or received and (ii) all other consents, approvals and permits of a Governmental Authority (other than those identified in Schedule 6.02(e)) required to be obtained prior to the Closing to transfer the Purchased Assets shall have been obtained unless, in the case of this clause (ii), the failure to receive any such consents, approvals and permits would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on Seller.

(f) No Governmental Order. (i) No Order entered by or with any Governmental Authority of competent jurisdiction that prohibits or materially restrains the consummation of the transactions contemplated hereby shall have been issued and remain in effect and (ii) no Law shall have been enacted or entered by any Governmental Authority that prohibits or makes illegal the consummation of the transactions contemplated hereby.

(g) Closing Deliverables. Buyer shall have received the certificates, documents and other items to be delivered to it pursuant to Section 2.08.

Section 6.02 Conditions to Obligation of Buyer. The obligation of Buyer to consummate the transactions contemplated at the Closing shall be subject to the fulfillment or waiver by Buyer in its sole discretion, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date (except for any representation or warranty made as of a specific date, which shall be so true and correct in all material respects only as of such specific date).

(b) Covenants. Seller shall have performed and complied in all material respects with its covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) Officer's Certificate. An officer of Seller shall have delivered a certificate dated as of the Closing Date signed by such officer on behalf of Seller, confirming the satisfaction of the conditions contained in subsections (a) and (b) of this Section 6.02.

(d) Governmental Approvals. (i) The Transfer of the Purchased Assets shall, to the extent required, have received the approval of the NYPSC under Section 70 of the New York State Public Service Law, in the form and substance reasonably satisfactory to Buyer; and (ii) any waiting period under the HSR Act, to the extent applicable, shall have expired or been earlier terminated.

(e) Other Required Approvals. (i) All consents, approvals and permits listed on Schedule 6.02(e) shall have been obtained or received and (ii) all other consents, approvals and permits of a Governmental Authority (other than those identified in Schedule 6.02(e)) required to be obtained prior to the Closing to transfer the applicable Purchased Assets shall have been obtained unless, in the case of this clause (ii), the failure to receive any such consents, approvals and permits would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the Project or its Project Development.

(f) No Governmental Order. (i) No Order entered by or with any Governmental Authority of competent jurisdiction that prohibits or materially restrains the consummation of the transactions contemplated hereby shall have been issued and remain in effect and (ii) no Law shall have been enacted or entered by any Governmental Authority that prohibits or makes illegal the consummation of the transactions contemplated hereby.

(g) Updated Project Cost Estimate Amount. If at the Closing the Updated Project Cost Estimate Amount multiplied by 1 + the Applicable Variance exceeds the Maximum Capital Contribution Amount applicable to the Project, then the Requisite Approval of Buyer's Board of Managers shall have been obtained and remain in effect.

(h) Satisfaction of LLCA Condition; Public Policy Planning Process. (i) The conditions described in Exhibit M to the LLCA shall have been satisfied and, with respect to the Final Orders referenced therein, such Final Orders shall have remained in full force and effect and (ii) the Project shall have been approved by or exempted from participation in the New York Independent System Operator Public Policy Planning Process.

(i) [Intentionally Omitted].

(j) [Intentionally Omitted].

(k) Closing Deliverables. Seller shall have received the certificates, documents and other items to be delivered to it pursuant to Section 2.09.

Section 6.03 Frustration of Closing Conditions. Neither Buyer, on the one hand, nor Seller, on the other hand, may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by, or was the result of, its breach of this Agreement.

ARTICLE VII

INDEMNIFICATION

Section 7.01 Survivability. The representations and warranties of Seller and Buyer contained in or made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement and all claims and cause of actions with respect thereto shall survive until the Survival Termination Date; *provided* that the representations and warranties and all claims and causes of actions with respect thereto contained in Sections 3.01, 3.02, 4.01, and 4.02 shall survive indefinitely to the maximum extent permitted by applicable Law. The covenants and agreements made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement that contemplate actions to be taken or restrict certain actions from being taken at or prior to the Closing shall be performed or complied with in their entirety at or prior to the Closing, and all claims and causes of action made with respect thereto shall survive until the Survival Termination Date. The covenants and agreements made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement that contemplate actions to be taken or restrict certain actions from being taken, in whole or in part, after the Closing are to be performed or complied with in whole or in part following the Closing and shall survive for the period provided in such covenants and agreement, if any, or until performed in accordance with their respective terms, and all claims and causes of actions with respect thereto shall survive for eighteen (18) months after such date. For purposes of this Agreement, the "Survival Termination Date" shall mean the date that is eighteen (18) months after the Closing Date. Notwithstanding the foregoing, if a claim notice meeting the requirements of Section 7.04 with respect to indemnification under this Article VII shall have been given pursuant to Section 9.02 within the applicable survival period, the representations, warranties, covenants and agreements that are the subject of such indemnification claim shall survive with respect to such claim notice until it is finally and fully resolved. The Parties expressly agree that the provisions of this Section 7.01 shall operate as a contractual statute of limitations.

Section 7.02 Seller Indemnification. From and after the Closing, subject to the further provisions of this Article VII, Seller shall indemnify, defend and hold harmless Buyer and its officers, managers, members, employees, agents and representatives (collectively, "Buyer Indemnified Parties") from and against any Loss actually incurred or suffered by Buyer Indemnified Parties to the extent arising out of or related to:

(a) the breach of any representation or warranty made by Seller contained in this Agreement or in any Conveyance Document at the Closing Date;

(b) the breach or failure by Seller to perform, or cause to be performed, any of its covenants or obligations contained in this Agreement; and

(c) any Excluded Liability.

Section 7.03 Buyer Indemnification. From and after the Closing, subject to the further provisions of this Article VII, Buyer shall indemnify, defend, and hold harmless Seller and its officers, directors, trustees, equity holders, employees, agents and representatives (collectively, "Seller Indemnified Parties") from and against any Loss actually incurred or suffered by Seller Indemnified Parties to the extent arising out of or related to:

(a) the breach of any representation or warranty made by Buyer contained in this Agreement or in any Conveyance Document at the Closing Date;

(b) the breach or failure by Buyer to perform, or cause to be performed, any of its covenants or obligations contained in this Agreement; and

(c) any Assumed Liability.

Section 7.04 Notification of Claim. A Person that may be entitled to indemnification hereunder (the "Indemnified Party") shall promptly notify the party or parties liable for such indemnification (the "Indemnifying Party") in writing of any pending or threatened claim or demand that the Indemnified Party has determined has given or would reasonably be expected to give rise to a right of indemnification hereunder (including a pending or threatened claim or demand asserted by a third party against the Indemnified Party, such claim being a "Third Party Claim"), describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or demand; *provided, however*, that the failure to provide such notice shall not release the Indemnifying Party from its obligations under this Article VII except to the extent that the Indemnifying Party is actually prejudiced by such failure.

Section 7.05 Indemnification Procedures.

(a) Third Party Claim. Upon receipt of notice of a claim for indemnity from an Indemnified Party pursuant to Section 7.03, the Indemnifying Party shall have the right to assume the defense and control any Third Party Claim, but shall allow the Indemnified Party a reasonable opportunity to participate in the defense of such Third Party Claim with its own counsel and at its own expense; *provided* that if (i) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and, in the reasonable opinion of counsel to the Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (ii) in the reasonable opinion of counsel to the Indemnified Party, such Third Party Claim involves the potential imposition of criminal liability on the Indemnified Party, then, in each such case, the applicable Indemnified Parties shall be entitled to participate in any such defense with one separate counsel at the reasonable expense of the Indemnifying Party. The Indemnifying Party shall select counsel of recognized standing and competence after consultation with the Indemnified Party and shall take all reasonably necessary steps in the defense or settlement of such Third Party Claim. The Indemnifying Party shall be authorized to consent to a settlement of, or the entry of any judgment arising from, any Third Party Claim, without the consent of any Indemnified Party, *provided* that the Indemnifying Party shall (A) pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness of such settlement, (B) not encumber any of the material assets of any Indemnified Party or agree to any restriction or condition that would apply to or materially adversely affect any Indemnified Party or the conduct

of any Indemnified Party's business, (C) obtain, as a condition of any settlement or other resolution, a complete release of any Indemnified Party potentially affected by such Third Party Claim and (D) ensure that the settlement does not include any admission of wrongdoing or misconduct.

(b) Non-Third Party Claims. In the event any Indemnifying Party receives a notice of a claim for indemnity from an Indemnified Party pursuant to Section 7.03 that does not involve a Third Party Claim, the Indemnifying Party shall notify the Indemnified Party within thirty (30) days following its receipt of such notice if the Indemnifying Party disputes its liability to the Indemnified Party under this Article VII. If the Indemnifying Party does not so notify the Indemnified Party, then the claims specified by the Indemnified Party in such notice shall be conclusively deemed to be a liability of the Indemnifying Party under this Article VII, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such claim as provided above, then the Indemnifying Party and the Indemnified Party shall resolve such dispute in accordance with Section 9.10.

Section 7.06 Net Recovery. With respect to each indemnification obligation contained herein or in any Conveyance Document, all Losses shall be net of any third-party insurance proceeds that have been recovered by the Indemnified Party in connection with the facts giving rise to the right of indemnification.

Section 7.07 No Consequential Damages. In no event shall a Party be liable for any consequential, special, indirect, incidental or punitive damages, lost profits or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, or similar items arising out of or related to this Agreement, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability, except, in each case, any such damages actually paid to any un-Affiliated claimant in respect of a Third Party Claim paid in accordance with this Agreement.

Section 7.08 Maximum Liability. Notwithstanding anything else in this Agreement to the contrary (including Sections 7.02 and 7.03), except in the event of intentional fraud in connection with this Agreement, the maximum liability of any Party under this Article VII shall be, from and after the Closing, the aggregate Purchase Price paid and received after giving effect to any adjustments pursuant to Section 2.10(e).

Section 7.09 Exclusive Remedy. Subject to the next sentence, and except as provided in Section 5.02(b), Section 8.03, Section 9.01, Section 9.13 and in the event of fraud in connection with this Agreement, following the Closing, the indemnification provisions of this Article VII shall be the sole and exclusive remedies of the Parties for any Losses or otherwise that each may suffer or incur or become subject to, as a result of, or in connection with any breach of any representation or warranty in this Agreement by the other Party or any failure by the other Party to perform or comply with any covenant or agreement herein. Notwithstanding anything herein to the contrary, no breach of any representation or warranty or any covenant or

agreement contained in this Agreement shall give rise to any right on the part of either Party hereto to rescind this Agreement or any of the transactions contemplated hereby.

ARTICLE VIII

TERMINATION

Section 8.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby abandoned, at any time prior to the Closing as follows:

(a) by mutual written consent of Seller and Buyer;

(b) by Buyer or Seller, if the Closing shall not have occurred by June 30, 2016 (the "Termination Date"); *provided, however*, that the right to terminate this Agreement under this Section 8.01(b) shall not be available to any Party whose breach of a representation, warranty, covenant or agreement under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur by such date;

(c) by Buyer, if there shall be a breach or violation of any representation or warranty or covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 6.01 and which breach has not been cured (to the extent necessary to avoid a failure of such condition) prior to the earlier of (i) the Business Day prior to the Termination Date or (ii) the date that is thirty (30) days from the date that Seller is notified in writing by Buyer of such breach; *provided* that Buyer shall not have a right to terminate this Agreement under this Section 8.01(c) if Buyer has breached or violated any of its representations, warranties or agreements contained in this Agreement and such breach or violation would have resulted in a failure of a condition set forth in Section 6.02;

(d) by Seller, if there shall be a breach or violation of any representation or warranty or covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 6.02 and which breach has not been cured (to the extent necessary to avoid a failure of such condition) prior to the earlier of (i) the Business Day prior to the Termination Date or (ii) the date that is thirty (30) days from the date that Buyer is notified in writing by Seller of such breach; *provided* that Seller shall not have a right to terminate this Agreement under this Section 8.01(d) if Seller has breached or violated any of its representations, warranties or agreements contained in this Agreement and such breach or violation would have resulted in a failure of a condition set forth in Section 6.01;

(e) by Buyer or Seller, if a Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Law, or a final non-appealable Order of any Governmental Authority of competent jurisdiction shall be in effect, that materially prohibits or restrains the consummation of the transactions contemplated by this Agreement; and

(f) by Buyer pursuant to Section 5.04(c).

Section 8.02 Notice of Termination. Any Party desiring to terminate this Agreement pursuant to Section 8.01 shall give written notice of such termination to the other Party pursuant to Section 9.02.

Section 8.03 Effect of Termination. In the event this Agreement is terminated pursuant to Section 8.01 prior to the Closing, this Agreement shall forthwith become void and there shall be no liability on the part of any Party, except that the provisions of Section 5.02(b), Section 5.07, this Section 8.03 and Article IX shall survive termination; *provided, however*, that nothing herein shall relieve either Seller or Buyer from liability for any willful breach of, or willful failure to perform its obligations under, this Agreement.

Section 8.04 Extension; Waiver. At any time prior to the Closing, either Seller or Buyer may (a) extend the time for performance of any of the obligations or other acts of the other Party, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein (but such waiver of compliance with such agreements or conditions shall not operate as a waiver of, or estoppels with respect to, any subsequent or other failure). Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party granting such extension or waiver.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Expenses. Except as expressly provided for otherwise in this Agreement, any Ancillary Agreement or any Conveyance Document:

(a) All reasonable and documented costs and expenses of Seller incurred or accrued prior to the Closing Date (including the cost and expenses of internal and external counsel) in connection with the Project Development of the Project and preparing the Purchased Assets for Transfer, including any such costs associated with obtaining consents or approvals pursuant to Section 5.01(a), obtaining third party consents fees pursuant to Section 5.01(b), or costs incurred curing any Title Matters pursuant to Section 5.03 and those costs and expenses set forth on Schedule 9.01, shall be paid by Buyer at the Closing (or thereafter, pursuant to the adjustment in Section 2.10), and included in the calculation of the Purchase Price in Section 2.07; provided that such costs and expenses (i) arose out of or were associated with any Purchased Asset or Assumed Liability reflected on the Schedules to Section 2.01 or Section 2.04 or in a Schedule Update pursuant to Section 2.11 (unless such costs and expenses were accrued and incurred after the preparation of the Final Schedule Update and prior to the Closing, but otherwise would satisfy the requirements of a Schedule Update); and (ii) were incurred in accordance with Good Utility Practice and in the ordinary course of Project Development ("Project Development C&E"); *provided*, *that*, Project Development C&E shall not include any costs and expenses, including fees and disbursements (x) of any financial advisors, financial brokers, finders or external accountants or (y) incurred in connection with negotiating, drafting, executing, amending, revising, or otherwise modifying this Agreement or any Ancillary Agreement or in connection with any dispute, controversy, claim, arbitration or claim for indemnification arising under this Agreement, any Ancillary Agreement or Conveyance Document.

(b) In the event that this Agreement is terminated prior to the Closing, Buyer shall reimburse Seller for any costs and expenses constituting Project Development C&E

no later than sixty (60) days from the date Buyer receives from Seller a final accounting of any Project Development C&E incurred or accrued prior to the date of termination; *provided*, that Buyer shall not be obligated to reimburse Seller under this Section 9.01(b) in the event this Agreement is terminated by Buyer pursuant to Section 8.01(c) or if this Agreement is terminated by Buyer pursuant to Section 8.01(b) and Seller would be unable to terminate this Agreement under such section as a result of Seller being in breach of a representation and warranty, covenant or agreement under this Agreement and such breach shall have been the cause of, or shall have resulted in, the failure of the Closing to occur by the Termination Date.

(c) Except as provided in (a) and (b), all costs and expenses, including fees and disbursements of counsel, financial advisers and accountants, incurred in connection with the Transaction Agreements and the transactions contemplated thereby shall be paid by the Party incurring the same, whether or not the Closing shall have occurred.

Nothing in this Section 9.01 shall (A) affect the indemnification rights of any Indemnified Party under Article VII, (B) affect the liability of any Party for any willful breach or willful failure to perform its obligations under this Agreement in the event this Agreement is terminated, or (C) allow Seller any double recovery for any Project Development C&E otherwise reflected in the Purchase Price for any Purchased Asset or Assumed Liability or reimbursed pursuant to any Ancillary Agreement.

Section 9.02 Notices. Any notice, request, instruction or other communication to be given to a Party pursuant to this Agreement shall be in writing signed by or on behalf of the Party giving it and may be served by hand delivery, by delivering it by courier or sending it by email, facsimile (with confirmation of transmission) or by prepaid recorded airmail delivery to the address of the Party to receive it set forth below (or to such other address as such Party shall have specified by a notice given to the other in accordance with this Section 9.02). Any notice so served by courier, email, fax or post shall be deemed to have been duly served: (a) when delivered, if sent by hand delivery or courier; (b) at the time of transmission, if sent by email or facsimile; and (c) upon receipt, if sent by prepaid recorded airmail delivery or regulated airmail post on receipt; *provided* that any notice received on a day that is not a Business Day, or after 5:00 p.m. (New York City time) on a Business Day, shall be deemed to be received on the next following Business Day. Each Party to whom a communication is sent hereunder has the obligation to accept delivery of such communication. Such communications, to be valid, must be addressed as set forth below:

If to Seller, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Stuart Nachmias
Fax: 212-673-0649
Tel: 212-460-2580

With a copy to:
Attn: Susan LoFrumento, Esq.
Fax: 212-260-8627
Tel: 212-460-1137

If to Buyer, to:

New York Transco, LLC
c/o Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601
Fax: 845-473-7316
Tel: 845-486-5824

With a copy to:
Paul Gioia, Esq.
Whiteman Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Fax: 518-487-7777
Tel: 518-487-7600

Section 9.03 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in a manner that is materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 9.04 Entire Agreement. Except as otherwise provided in the Transaction Agreements, the Transaction Agreements constitute the entire agreement of Seller, on the one hand, and Buyer on the other, with respect to the subject matter thereof and supersede all prior agreements, undertakings and understandings, both written and oral, with respect to such subject matter.

Section 9.05 Rules of Interpretation. This Agreement and the Conveyance Documents shall be construed and interpreted as follows, unless otherwise expressly stated herein or therein: (i) the singular number includes the plural number and vice versa; (ii) reference to any Person includes such Person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) reference to any agreement (including this Agreement), document or instrument means such agreement,

document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (iv) reference to any Law (including Environmental Law) means such Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (v) reference to any Article, Section, Exhibit, Schedule or other attachment means such Article or Section of, or Exhibit, Schedule or attachment to, this Agreement or of another specifically identified agreement; (vi) "hereunder," "hereof," "herein," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof; (vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (viii) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding" and "through" means "through and including"; (ix) the words "Accept," "Affiliate," and "Transfer" shall include any correlative definitions; and (x) the word "or" shall not be exclusive. Whenever the last day for the exercise of any right or the discharge of any duty under this Agreement falls on a day other than a Business Day, the Party hereto having such right or duty shall have until the next Business Day to exercise such right or discharge such duty.

Section 9.06 Assignment. This Agreement may not be assigned without the prior written consent of Seller and Buyer, except that a Party may assign this Agreement to any Affiliate and that, following the Closing, Buyer may assign this Agreement to its sources of financing as collateral security; *provided* that Buyer will promptly notify Seller of any such assignment and no such assignment shall release Seller or Buyer from any liability or obligation hereunder (nor shall a Party's obligations be enlarged by reason thereof). Any attempted assignment in violation of this Section 9.06 shall be null and void ab initio. This Agreement shall be binding upon, shall inure to the benefit or, and shall be enforceable by the Parties and their permitted successors and assigns. For the avoidance of doubt, any merger, conversion or consolidation of a Party by operation of law shall not constitute an assignment under this Agreement.

Section 9.07 No Third Party Beneficiaries. Except as provided in Article VII with respect to Seller Indemnified Parties and Buyer Indemnified Parties, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein or in any other Transaction Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever.

Section 9.08 Amendment. Except as provided in Section 2.07(b) and Section 2.11, no provision of this Agreement or any other Transaction Agreement (including any Exhibits, Schedules or attachments hereto) may be amended, supplemented or modified except by a written instrument making specific reference hereto and thereto, signed by all parties to such agreement. No consent from any Indemnified Party under Article VII (other than the Parties) shall be required in order to amend this Agreement.

Section 9.09 Dispute Resolution Process. Except as provided in Section 2.07, Section 2.10 and Section 2.11 and with respect to any request for equitable relief (including interim relief) by either Party on or prior to the Closing Date, any dispute, controversy or claim arising out of or relating to the transactions contemplated by the Transaction Agreements or the validity, interpretation, breach of termination of any such agreement, including claims seeking

redress or asserting rights under any Law (a "Dispute") shall be resolved in accordance with the procedures set forth in Article XII of the LLCA as though Seller and Buyer were the "relevant parties" thereunder. Until completion of such procedures, no Party may take any action to force a resolution of a Dispute by any judicial or similar process, except to the limited extent necessary to (i) avoid expiration of a claim that might eventually be permitted by this Agreement or (ii) obtain interim relief, including injunctive relief, to preserve the status quo or prevent irreparable harm.

Section 9.10 Governing Law. This Agreement and the rights of the Parties hereunder shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice of Law of conflict of Law rules or provisions (whether of the State of New York or of any other jurisdiction) that would cause the application of Laws of any jurisdiction other than the State of New York.

Section 9.11 Submission to Jurisdiction, Service of Process. Subject to Section 2.10 and Section 9.09, each Party irrevocably and unconditionally (a) consents to submission to the exclusive jurisdiction of the courts of the State of New York located in New York County Seller and of the federal courts of the United States of America located in the State of New York, County of New York (the "New York Courts"), for any action, claim, complaint, investigation, petition, suit or other proceeding, whether in contract or tort, in law or equity arising out of or relating to the Transaction Agreements or the breach (threatened breach), termination or validity thereof and the transactions contemplated thereby ("Action"), (b) agrees not to commence any Action except in such New York Courts and in accordance with the provisions of this Agreement, (c) agrees that service of any process, summons, notice, or document by U.S. registered mail or as otherwise provided in this Agreement shall be effective service of process for any Action brought in any such New York Court, (d) waives any objection to the laying of venue of any Action in the New York Courts and (e) agrees not to plead or claim in any such court that any such Action brought in any New York Court has been brought in an inconvenient forum.

Section 9.12 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION.

Section 9.13 Specific Performance. The Parties agree that the failure of any Party to perform its agreements and covenants hereunder, including its failure to take all actions as are necessary on its part to consummate the transactions contemplated hereby, will cause irreparable injury to the other Party, for which damages, even if available, will not be an adequate remedy. Accordingly, each Party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such Party's obligations and to the granting by any such court of the remedy of specific performance of its obligations hereunder, in addition to any other rights or remedies available hereunder or at law or in equity.

Section 9.14 Headings. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

Section 9.15 Counterparts. Each of the Transaction Agreements 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 any Transaction Agreement by facsimile or by electronic .pdf shall be as effective as delivery of a manually executed counterpart of any such agreement.

[Signature Page Follows]

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

NEW YORK TRANSCO, LLC	**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**
By: _____	By: _____
Name: Robert Caso Title: Vice President - Budget, Finance and Accounting	Name: Stuart Nachmias Title: Vice President – Energy Policy and Regulatory Affairs

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

NEW YORK TRANSCO, LLC

By: _____

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____

Name: Stuart Nachmias
Title: Vice President – Energy Policy and Regulatory Affairs

SCHEDULE 1.01
PERMITED LIENS

TO BE DETERMINED

Schedule 2.01 (c)
SUF INTANGIBLE PLANT

Staten Island Unbottling - G23 L&M Feeder Split
Goethals S/S-Reconfigure FDR G23L&M

	EXPENDED 11/15	COMMITTED	TO BE COMMITTED	TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$ 476,363	$ 1,729,811	$ -	$ 2,206,174
CONSTRUCTION CONTRACTS TOTAL	$ 364,000	$ 4,076,000	$ -	$ 4,440,000
COMPANY LABOR TOTAL	$ 282,376	$ -	$ 4,040,070	$ 4,322,446
MATERIAL & SUPPLIES TOTAL	$ 2,398	$ 788,710	$ -	$ 791,108
OTHER DIRECT COSTS TOTAL	$ 1,505,260	$ (657,200)	$ 150,000	$ 998,060
TOTAL DIRECT COSTS	$ 2,630,398	$ 5,937,320	$ 4,190,070	$ 12,757,788
INDIRECT COSTS TOTAL	$ 336,671	$ 149,380	$ 4,130,156	$ 4,616,207
CONTINGENCY	$ -	$ -	$ 1,913,668	$ 1,913,668
TOTAL	$ 2,967,069	$ 6,086,700	$ 10,233,894	$ 19,287,663

Schedule 2.01 (c)
SUF INTANGIBLE PLANT
Page 2 of 2

Staten Island Unbottling - G23 L&M Feeder Split
Linden CO Gen-Relocate FDR G23 L&M

	EXPENDED 11/15	COMMITTED	TO BE COMMITTED	TOTAL CURRENT WORKING ESTIMATE
PURCHASE EQUIPMENT TOTAL	$ 345,112	$ -	$ -	$ 345,112
CONSTRUCTION CONTRACTS TOTAL	$ 8,477,344	$ 19,230,357	$ -	$ 27,707,701
COMPANY LABOR TOTAL	$ 296,259	$ -	$ -	$ 296,259
MATERIAL & SUPPLIES TOTAL	$ -	$ -	$ -	$ -
OTHER DIRECT COSTS TOTAL	$ 1,291,775	$ (1,202,439)	$ -	$ 89,336
TOTAL DIRECT COSTS	$ 10,410,490	$ 18,027,919	$ -	$ 28,438,408
INDIRECT COSTS TOTAL	$ 428,869	$ -	$ -	$ 428,869
CONTINGENCY	$ -	$ -	$ 2,843,841	$ 2,843,841
TOTAL	$ 10,839,359	$ 18,027,919	$ 2,843,841	$ 31,711,118

SCHEDULE 2.01(d)
CONTRACTS TO BE ASSIGNED PRIMARILY RELATED TO PROJECT DEVELOPMENT RIGHTS

Linden

Folder 4447791

ENGINEERING DATA FOR EQUIPMENT & MATERIALS EM : STATION : 345KV LINDEN SUBSTATION PROJECT # TITLE : SF6 Design 345KV GIS Package for Breaker #8-G23L Reconnection.

Standard Purchase Order, Order No. 4447791, dated December 19, 2014 by Consolidated Edison Company Of New York, Inc., to HITACHI HVB INC.

Gowanus

Folder 4264377

Complex Services Purchase Order, Order No. 4264377, dated December 30, 2014, by Consolidated Edison Company Of New York, Inc., to UNDERGROUND SYSTEMS INC.

Underground Systems, Inc., Disclosure Form dated September 5, 2013.

USI Cancellation Charge Addendum No. 1, dated December 9, 2013 Determination of Forced Cooling System Requirements, Design of Cooling Plants, and the Supply and Installation of Refrigeration Cooling Plants for Fdrs 25, 26, and 41, 42 Project No: 25145-13; June 11, 2013 USi Cancellation Concept.

USI Suspension of Complex Services PO 4264377 dated November 14, 2014.

Request for Proposals Determination of Forced Cooling System Requirements, Design of Cooling Plants, and the Supply and Installation of Refrigeration Cooling Plants for Fdrs 25, 26, and 41, 42 Project No: 25145-13; June 11, 2013.

Consolidated Edison Company Of New York, Inc. Special Conditions For Installation Of Equipment July 1, 2012 As Modified December 18, 2013.

Delivery And Payment Schedule Addendum No. 2 (Milestone Payment Breakdown With Current Estimated Delivery Schedule) December 18, 2013.

Consolidated Edison Company Of New York, Inc. Standard Terms And Conditions For Purchase Of Equipment July 1, 2012 As Modified December 19, 2013.

Goethals

Folder 4586788

CONSTRUCTION SPECIFICATION CE-MS-3500-25145-13 GOETHALS 345KV SS SEPARATION OF FEEDER G23 L & M.

Complex Services Purchase Order, Order No. 4586788, dated September 9, 2015, by Consolidated Edison Company Of New York, Inc., to EBERHART CONSTRUCTION CO INC.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 7 June 22, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 9 June 23, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 6 June 19, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 5 June 18, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 21 August 6, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 20 August 5, 2015 .

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Set of Questions No. 19 July 16, 2015.

Eberhart Construction Company, Inc. Disclosure Form dated July 21, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Amendment No. 8 July 15, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Amendment No. 8 July 15, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Amendment No. 3 July 6, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Amendment No. 3 July 6, 2015.

RFQ Number 1206457, Goethals 345KV Substation Modification Separation of Feeder G23 L & M Amendment No. 2 June 29, 2015.

Folder 4497754

Standard Purchase Order, Order No. 4497754, dated March 31, 2015 by Consolidated Edison Company Of New York, Inc., to HW FARREN CO INC.

Folder 4489177

The Okonite Company Quotation dated March 11, 2015, prepared for Consolidated Edison Company Of New York, Inc.

Standard Purchase Order, Order No. 4489177, dated March 16, 2015 by Consolidated Edison Company Of New York, Inc., to Okonite Co Inc.

Folder 4486751

Standard Purchase Order, Order No. 4486751, dated May 12, 2015 by Consolidated Edison Company Of New York, Inc., to HITACHI HVB INC.

Folder 4199805

Complex Services Purchase Order, Order no. 4199805, dated November 7, 2014, by Consolidated Edison Company Of New York, Inc., to GANNETT FLEMING ENGINEERS AND ARCHITECTS PC.

COST PROPOSAL FOR Goethals Switching Station Separate Feeder G23 L&M Legs CE-ES-4001-25145-13.

Disclosure Form dated March 27,2014 by Gannett Fleming Engineers and Architects, PC.

Farragut

Folder 4400874

COMPASS Standard PO for BPA Order No. 4400874, dated September 23, 2014, by Consolidated Edison Company Of New York, Inc., To GIANFIA CORP.

Folder 4358099

Standard Purchase Order, Order No. 4358099, dated July 18, 2014, by Consolidated Edison Company Of New York, Inc., to G & W ELECTRIC CO.

G&W Quote 19214D, dated July 11, 2014.

Folder 426377

Consolidated Edison Company Of New York, Inc. Special Conditions For Installation Of Equipment July 1, 2012 As Modified December 18, 2013.

Delivery And Payment Schedule Addendum No. 2 (Milestone Payment Breakdown With Current Estimated Delivery Schedule) December 18, 2013.

Consolidated Edison Company Of New York, Inc. Standard Terms And Conditions For Purchase Of Equipment July 1, 2012 As Modified December 19, 2013.

Request for Proposals Determination of Forced Cooling System Requirements, Design of Cooling Plants, and the Supply and Installation of Refrigeration Cooling Plants for Fdrs 25, 26, and 41, 42 Project No: 25145-13; June 11, 2013.

Complex Services Purchase Order, Order no. 4264377, dated December 30, 2014, by Consolidated Edison Company Of New York, Inc., to UNDERGROUND SYSTEMS INC.

Underground Systems, Inc., Disclosure Form dated September 5, 2013.

USI Cancellation Charge Addendum No. 1, dated December 9, 2013 Determination of Forced Cooling System Requirements, Design of Cooling Plants, and the Supply and Installation of Refrigeration Cooling Plants for Fdrs 25, 26, and 41, 42 Project No: 25145-13; June 11, 2013 USi Cancellation Concept.

USI Suspension of Complex Services PO 4264377 dated November 14, 2014.

Escrow and Settlement

Engineering, Procurement And Construction Contract By And Between Mass. Electric Construction Co., And Cogen Technologies Linden Venture, L.P. Dated April 17,2015.

Executed Linden Settlement Side Letters dated August 25, 2015 and September 15, 2015.

Executed PJM Reverse Flow Confirmation dated August 25, 2015.

Executed Restated Escrow Agreement dated as of September 1, 2015.

Settlement Filing Package with cover letter from Latham & Watkins LLP dated May 11, 2015.

Early Deliverables Package with proposals from Mass. Electric Construction Co. (2/2/15) and Kiewit (1/29/2015).

Schedule 2.01 (e)
SELLER PREPAID EXPENSES

Staten Island Unbottling - Forced Cooling
Diffusion Chambers

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	-
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	(633)
MATERIAL & SUPPLIES TOTAL	$	-
OTHER DIRECT COSTS TOTAL	$	-
TOTAL DIRECT COSTS	$	(633)
INDIRECT COSTS TOTAL	$	19,980
CONTINGENCY	$	-
TOTAL	$	19,347

Staten Island Unbottling - Forced Cooling
Underground Conductor

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	-
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	5,948
MATERIAL & SUPPLIES TOTAL	$	-
OTHER DIRECT COSTS TOTAL	$	-
TOTAL DIRECT COSTS	$	5,948
INDIRECT COSTS TOTAL	$	29,473
CONTINGENCY	$	-
TOTAL	$	35,420

Staten Island Unbottling - Forced Cooling
Gowanus

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	1,916,099
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	40,979
MATERIAL & SUPPLIES TOTAL	$	(585,986)
OTHER DIRECT COSTS TOTAL	$	397
TOTAL DIRECT COSTS	$	1,371,490
INDIRECT COSTS TOTAL	$	235,157
CONTINGENCY	$	-
TOTAL	$	1,606,647

Schedule 2.01 (e)
SELLER PREPAID EXPENSES

Staten Island Unbottling - Forced Cooling
Farragut

	EXPENDED
PURCHASE EQUIPMENT TOTAL	$ 732,298
CONSTRUCTION CONTRACTS TOTAL	$ -
COMPANY LABOR TOTAL	$ 11,747
MATERIAL & SUPPLIES TOTAL	$ -
OTHER DIRECT COSTS TOTAL	$ 9,284
TOTAL DIRECT COSTS	$ 753,329
INDIRECT COSTS TOTAL	$ 427,148
CONTINGENCY	$ -
TOTAL	$ 1,180,477

Schedule 2.01 (e)
SELLER PREPAID EXPENSES

Staten Island Unbottling - Forced Cooling
Goethals

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	800,410
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	448,426
MATERIAL & SUPPLIES TOTAL	$	(924,494)
OTHER DIRECT COSTS TOTAL	$	53,170
TOTAL DIRECT COSTS	$	377,512
INDIRECT COSTS TOTAL	$	651,588
CONTINGENCY	$	-
TOTAL	$	1,029,100

Schedule 2.01 (e)
SELLER PREPAID EXPENSES

Staten Island Unbottling - Forced Cooling
Bay Street

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	115,302
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	2,805
MATERIAL & SUPPLIES TOTAL	$	-
OTHER DIRECT COSTS TOTAL	$	-
TOTAL DIRECT COSTS	$	118,107
INDIRECT COSTS TOTAL	$	108,324
CONTINGENCY	$	-
TOTAL	$	226,431

Staten Island Unbottling - Forced Cooling
Midway

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	109,294
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	566
MATERIAL & SUPPLIES TOTAL	$	-
OTHER DIRECT COSTS TOTAL	$	-
TOTAL DIRECT COSTS	$	109,860
INDIRECT COSTS TOTAL	$	86,256
CONTINGENCY	$	-
TOTAL	$	196,116

Schedule 2.01 (e)
SELLER PREPAID EXPENSES

Staten Island Unbottling - Forced Cooling
CCTN

		EXPENDED
PURCHASE EQUIPMENT TOTAL	$	11,940
CONSTRUCTION CONTRACTS TOTAL	$	-
COMPANY LABOR TOTAL	$	-
MATERIAL & SUPPLIES TOTAL	$	-
OTHER DIRECT COSTS TOTAL	$	-
TOTAL DIRECT COSTS	$	11,940
INDIRECT COSTS TOTAL	$	3,119
CONTINGENCY	$	-
TOTAL	$	15,060

SCHEDULE 2.01(g)
PERMITS

TO BE DETERMINED

SCHEDULE 2.01(i)
WARRANTIES

TO BE DETERMINED

SCHEDULE 5.05
MULTIFUNCTION CONTRACTS

NONE

SCHEDULE 6.02(e)
CONSENTS AND APPROVALS

All consents and approvals of the New York State Public Service Commission required in connection with the transactions contemplated in this Asset Purchase Agreement.

Schedule I
ILLUSTRATIVE ESTIMATED SIGNING STATEMENT*

Staten Island Unbottling Project

	FEEDER SPLIT TOTAL CURRENT WORKING ESTIMATE	FORCED COOLING EXPENSES
PURCHASE EQUIPMENT TOTAL	$ 2,551,286	$ 3,685,344
CONSTRUCTION CONTRACTS TOTAL	$ 32,147,701	$ -
COMPANY LABOR TOTAL	$ 4,618,705	$ 509,839
MATERIAL & SUPPLIES TOTAL	$ 791,108	$ (1,510,480)
OTHER DIRECT COSTS TOTAL	$ 1,087,397	$ 62,851
TOTAL DIRECT COSTS	$ 41,196,196	$ 2,747,554
INDIRECT COSTS TOTAL	$ 5,045,076	$ 1,561,044
CONTINGENCY	$ 4,757,509	$ -
TOTAL	$ 50,998,781	$ 4,308,598
GRAND TOTAL	$ 55,307,379	

* As of the date of this Agreement, the Project is estimated to cost approximately $51 million plus the $4 million alread expended for the forced cooling project. Actual Project costs incurred as of the Closing may be higher or lower than the current working estimate.

EXHIBIT D

Exhibit D: General Diagrams of Financial and Physical Ownership of Assets Related to the Ramapo to Rock Tavern Project.

Note: diagrams do not show all equipment installed, and is intended to provide a high-level illustration of the ownership relationship of the existing and new assets related to the project.

(diagrams are on the next two pages)

Submitted under separate cover to the Records Access Officer for confidential treatment because it contains critical infrastructure information

EXHIBIT E

Exhibit E: General Diagram of Financial and Physical Ownership of Assets Related to the Staten Island Unbottling project, Split of Feeder G23 L&M.

Note: diagram does not show all equipment installed, and is intended to provide a high-level illustration of the ownership relationship of the existing and new assets related to the project.

(diagram is on the next page)

Submitted under separate cover to the Records Access Officer for confidential treatment because it contains critical infrastructure information

EXHIBIT F

PUBLIC

SERVICE AGREEMENT NO. 2216

TRANSMISSION FACILITY INTERCONNECTION AGREEMENT

BY AND BETWEEN

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

AND

ORANGE AND ROCKLAND UTILITIES, INC.

Dated As May 27, 2015

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Page No.

SERVICE AGREEMENT NO. 2216

TRANSMISSION FACILITY INTERCONNECTION AGREEMENT

THIS FACILITY INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this 27th day of May, 2015 , by and between among Consolidated Edison Company of New York, Inc., a corporation organized and existing under the laws of the State of New York ("Connecting Transmission Owner"), and Orange and Rockland Utilities, Inc., a corporation organized and existing under the laws of the State of New York ("Developer"). Developer or Connecting Transmission Owner each may be referred to as a "Party" or collectively referred to as the "Parties"

RECITALS

WHEREAS, the New York Independent System Operator ("NYISO") operates the Transmission System in New York State and the Connecting Transmission Owner owns transmission facilities electrically located in New York State; and

WHEREAS, Connecting Transmission Owner is the owner of transmission facilities known as the 345 kV Ramapo Substation, which includes breakers, grounding equipment, and other equipment which is collectively referred to as the "345 kV Ramapo Facility";

WHEREAS, the Developer is the owner of a transmission facility known as the 138 kV Ramapo Substation, which includes breakers, grounding equipment, and other equipment which is collectively referred to as the "138kV Ramapo Facility";

WHEREAS, the Developer is also the owner of an existing transmission facility known as the 138kV Sugarloaf Substation, which includes breakers, grounding equipment, and other equipment which is collectively referred to as the "138kV Sugarloaf Facility";

WHEREAS, the Developer has constructed and operates a transmission line between the 138kV Ramapo Facility and 138kV Sugarloaf Facility, which has been designed to operate at 345kV, and is referred to as the "Developer's Transmission Line";

WHEREAS, the Developer currently operates the Developer's Transmission Line at a 138kV level and will change the point of interconnection from the 138kV Ramapo Facility to the 345kV Ramapo Facility;

WHEREAS, the Developer has agreed to operate the Developer's Transmission Line at a 345kv level and to have installed a step down transformer at the Sugarloaf Substation;

WHEREAS, the Connecting Transmission Owner proposed, and the PSC accepted as a partial solution to the calculated reliability need, a project that includes the Reliability Project;

WHEREAS, the Reliability Project will require in part, reconnecting the Developer's Transmission Line into the 345 kV Ramapo Facility;

WHEREAS, the reconnection of the Transmission Project from the 138 kV Ramapo Facility to the 345kV Ramapo facility will require certain modifications to the 345 kV Ramapo Facility;

WHEREAS, the reconnection of the Transmission Project from the 138 kV Sugarloaf Facility to the 345kV Sugarloaf facility will require certain modifications to the Sugarloaf facility, both of which will be owned by the Developer;

WHEREAS, Developer and the Connecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Transmission Project to the 345 kV Ramapo Facility which is within the New York State Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that are not defined in this Article 1, shall have the meanings specified in Section 30.1.0 or Attachment S of the NYISO OATT.

Affected System shall mean an electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner or the Developer that may be affected by the proposed interconnection.

Affected System Operator shall mean an entity that operates an Affected System.

Affected Transmission Owner shall mean a New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Upgrade Facilities are installed pursuant to Attachment X and Attachment S of the Tariff.

Affiliate shall mean, with respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Agreement shall have the meaning set forth in the preamble.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority, including but not limited to Environmental Law.

Applicable Reliability Councils shall mean the NERC, the NPCC and the NYSRC.

Applicable Reliability Standards shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District to which the Developer's Transmission Project is directly interconnected, as those requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its

right to challenge the applicability or validity of any requirement or guideline as applied to it in the context of this Agreement.

Attachment Facilities shall mean the Connecting Transmission Owner's Attachment Facilities and the Developer's Attachment Facilities. Collectively, Attachment Facilities include all facilities and equipment between the Transmission Project and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Transmission Project to the New York State Transmission System. Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities or System Upgrade Facilities.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

Business Day shall mean Monday through Friday, excluding federal holidays.

Byway shall mean all transmission facilities comprising the New York State Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

Calendar Day shall mean any day of the week including Saturday, Sunday or a federal holiday.

Commercial Operation shall mean the status of a Transmission Project that has commenced transmitting electricity, excluding electricity transmitted during Trial Operation.

Commercial Operation Date shall mean the date on which the Transmission Project commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to this Agreement.

Confidential Information shall mean any information that is defined as confidential by Article 22 of this Agreement.

Connecting Transmission Owner shall have the meaning set forth in the preamble to the Agreement.

Connecting Transmission Owner's Attachment Facilities shall mean all facilities and equipment owned, controlled or operated by the Connecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to this Agreement, including any modifications, additions or upgrades to such facilities and

equipment. Connecting Transmission Owner's Attachment Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities or System Upgrade Facilities.

Control Area shall mean an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to: (1) match, at all times, the power output of the Generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s); (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and (4) provide sufficient generating capacity to maintain Operating Reserves in accordance with Good Utility Practice. A Control Area must be certified by the NPCC.

Default shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 17 of this Agreement.

Developer shall have the meaning set forth in the preamble.

Developer's Attachment Facilities shall mean all facilities and equipment, as identified in Appendix A of this Agreement, that are located between the Transmission Project and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Transmission Project to the New York State Transmission System. Developer's Attachment Facilities are sole use facilities.

Dispute Resolution shall mean the procedure described in Article 27 of this Agreement for resolution of a dispute between the Parties.

Effective Date shall mean the date on which this Agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission.

Emergency State shall mean the condition or state that the New York State Power System is in when an abnormal condition occurs that requires automatic or immediate manual action to prevent or limit loss of the New York State Transmission System or Generators that could adversely affect the reliability of the New York State Power System.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes Connecting Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

345kV Ramapo Facility shall mean all facilities and equipment physically owned by the Connecting Transmission Owner located at the 345 kV Ramapo Substation, as identified in Appendix A of this Agreement.

138kV Ramapo Facility shall mean all facilities and equipment owned by the Developer located at the 138 kV Ramapo Substation, as identified in Appendix A of this Agreement.

345kV Sugarloaf Facility shall mean all facilities and equipment physically owned by the Developer located at the 345 kV Sugarloaf Substation, including a 345kV to 138kV transformer to be located near the existing Sugarloaf 138kV substation.

Federal Power Act ("FPA") shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

FERC shall mean the Federal Energy Regulatory Commission or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to delineate acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over any of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Developer, NYISO, Affected Transmission Owner, Connecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous

materials", "hazardous constituents", "restricted hazardous materials", "extremely hazardous substances", "toxic substances", "radioactive substances", "contaminants", "pollutants", "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Transmission Project is initially synchronized with the New York State Transmission System and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities to obtain back feed power.

IRS shall mean the Internal Revenue Service.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Indemnified Party's performance or non-performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Point of Interconnection, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Minimum Interconnection Standard shall mean the reliability standard that must be met by any Transmission Facility proposing to connect to the New York State Transmission System. The Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System. The Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

NERC shall mean the North American Electric Reliability Council or its successor organization.

New York State Transmission System shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with this Agreement or its performance.

NPCC shall mean the Northeast Power Coordinating Council or its successor organization.

NYSRC shall mean the New York State Reliability Council or its successor organization.

Other Interfaces shall mean interfaces into New York capacity regions, Zone J and Zone K, and external ties into the New York Control Area.

Party or Parties shall have the meaning set forth in the preamble to the Agreement.

Point of Change of Ownership (PCO) shall mean the point, as set forth in Appendix A to this Agreement, where the Developer's Attachment Facilities connects to the Connecting Transmission Owner's Attachment Facilities.

Point of Interconnection (POI) shall mean the point, as set forth in Appendix A to this Agreement, where the Transmission Project connects to the Connecting Transmission Owner's System Upgrade Facilities.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Reliability Project shall mean generally, once modifications are completed, the Transmission Line which shall begin interconnection at the 345 kV Ramapo Facility and terminate at with the Rock Tavern Substation, which is owned and operated by Central Hudson Gas & Electric Corp., as described in this Agreement and the Appendices hereto**.**

Services Tariff shall mean the NYISO Market Administration and Control Area Tariff, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff thereto.

Stand Alone System Upgrade Facilities shall mean System Upgrade Facilities that a Developer may construct without affecting day-to-day operations of the New York State Transmission System during their construction. The Connecting Transmission Owner and the Developer must agree as to what constitutes Stand Alone System Upgrade Facilities.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission

System from faults or other electrical disturbances occurring at the Transmission Project and (2) protect the Transmission Project from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

System Upgrade Facilities shall mean the least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections.

Tariff shall mean the NYISO Open Access Transmission Tariff ("OATT"), as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

Transmission Project shall mean all facilities and equipment as identified in Appendix A of this Agreement.

Transmission Line shall mean the existing transmission line known as feeder 28 which runs between the existing 138kV Ramapo Facility and the existing 138 kV Sugarloaf Facility which are both owned and operated by the Developer, The Transmission Line has been designed and constructed for future operation at 345 kV but is currently operated at 138 kV.

Trial Operation shall mean the period during which Developer is engaged in on-site test operations and commissioning of the Transmission Project prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This Agreement shall become effective upon execution by the Parties, subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The Connecting Transmission Owner and the Developer shall promptly file this Agreement with FERC upon execution in accordance with Article 3.1.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this Agreement shall remain in effect for a period of twenty (25) years from the Effective Date and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination.

2.3.1 Written Notice. This Agreement may be terminated by the Developer after giving the Connecting Transmission Owner ninety (90) Calendar Days advance

written notice at any time during the term of this Agreement, or by the Connecting Transmission Owner notifying FERC after the Transmission Project permanently ceases Commercial Operations.

2.3.2 Default. Either Party may terminate this Agreement in accordance with Article 17.

2.3.3 Compliance. Notwithstanding Articles 2.3.1 and 2.3.2, no termination of this Agreement shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

2.4 Termination Costs. If a Party elects to terminate this Agreement pursuant to Article 2.3.1 above, the terminating Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Attachment Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the terminating Party under this Agreement. In the event of termination by a Party, the other Party shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of the Connecting Transmission Owner's Attachment Facilities that have not yet been constructed or installed, the Connecting Transmission Owner shall to the extent possible and with Developer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Developer elects not to authorize such cancellation, Developer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Connecting Transmission Owner shall deliver such material and equipment, and, if necessary, assign such contracts, to Developer as soon as practicable, at Developer's expense. To the extent that Developer has already paid Connecting Transmission Owner for any or all such costs of materials or equipment not taken by Developer, Connecting Transmission Owner shall promptly refund such amounts to Developer, less any costs, including penalties incurred by the Connecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.

If Developer terminates this Agreement, it shall be responsible for all costs incurred in association with Developer's interconnection, including any cancellation costs relating to orders or contracts for Attachment Facilities and equipment, and other expenses including any System Upgrade Facilities for which the Connecting Transmission Owner has incurred expenses and has not been reimbursed by the Developer.

2.4.2 Connecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Developer chooses not to accept delivery of, in which case Connecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Attachment Facilities, and any other facilities already installed or constructed pursuant to the terms of this Agreement, Developer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 **Survival**. This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder; including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit Developer and Connecting Transmission Owner each to have access to the lands of the other pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

3.1 **Filing**. Connecting Transmission Owner and the Developer shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. Any information related to studies for interconnection asserted by Developer to contain Confidential Information shall be treated in accordance with Article 22 of this Agreement and Attachment F to the NYISO OATT. If the Developer has executed this Agreement, or any amendment thereto, the Developer shall reasonably cooperate with Connecting Transmission Owner with respect to such filing and to provide any information reasonably requested by Connecting Transmission Owner needed to comply with Applicable Laws and Regulations.

ARTICLE 4. SCOPE OF INTERCONNECTION SERVICE

4.1 **Reserved.**

4.2 **No Transmission Delivery Service**. The execution of this Agreement does not constitute a request for, nor an agreement to provide, any Transmission Service under the NYISO OATT, and does not convey any right to deliver electricity to any specific customer or Point of Delivery. If Developer wishes to obtain Transmission Service on

the New York State Transmission System, then Developer must request such Transmission Service in accordance with the provisions of the NYISO OATT.

4.3 **No Other Services**. The execution of this Agreement does not constitute a request for, nor an agreement to provide Energy, any Ancillary Services or Installed Capacity under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff"). If Developer wishes to supply Energy, Installed Capacity or Ancillary Services, then Developer will make application to do so in accordance with the NYISO Services Tariff and the NYISO Installed Capacity Manual. This Agreement does not in any way alter the Transmission Project's eligibility for Unforced Capacity Deliverability Rights to the extent such Unforced Capacity Deliverability Rights are requested by the Developer after execution of this Agreement.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

5.1 **Options**. Unless otherwise mutually agreed to by Developer and Connecting Transmission Owner, Developer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities as set forth in Appendix A hereto, and such dates and selected option shall be set forth in Appendix B hereto.

5.1.1 **Standard Option**. The Connecting Transmission Owner shall design, procure, and construct the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities, using Reasonable Efforts to complete the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities by the dates set forth in Appendix B hereto. The Connecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Connecting Transmission Owner reasonably expects that it will not be able to complete the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities, by the specified dates, the Connecting Transmission Owner shall promptly provide written notice to the Developer and NYISO, and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 **Alternate Option**. If the dates designated by Developer are acceptable to Connecting Transmission Owner, the Connecting Transmission Owner shall so notify Developer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the System Upgrade Facilities by the designated dates.

5.1.3 Option to Build. If the dates designated by Developer are not acceptable to Connecting Transmission Owner, the Connecting Transmission Owner shall so notify the Developer within thirty (30) Calendar Days, and unless the Developer and Connecting Transmission Owner agree otherwise, Developer shall have the option to assume responsibility for the design, procurement and construction of System Upgrade Facilities on the dates specified in Article 5.1.2.

5.1.4 Negotiated Option. If the Developer elects not to exercise its option under Article 5.1.3, Option to Build, Developer shall so notify Connecting Transmission Owner within thirty (30) Calendar Days, and the Developer and Connecting Transmission Owner shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Connecting Transmission Owner's Attachment Facilities and Stand Alone System Upgrade Facilities by Developer) pursuant to which Connecting Transmission Owner is responsible for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities. If the two Parties are unable to reach agreement on such terms and conditions, Connecting Transmission Owner shall assume responsibility for the design, procurement and construction of the Connecting Transmission Owner's Attachment Facilities and System Upgrades Facilities pursuant to 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If Developer assumes responsibility for the design, procurement and construction of System Upgrade Facilities,

(1) Developer shall engineer, procure equipment, and construct System Upgrade Facilities (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Connecting Transmission Owner;

(2) Developer's engineering, procurement and construction of the System Upgrade Facilities shall comply with all requirements of law to which Connecting Transmission Owner would be subject in the engineering, procurement or construction of the System Upgrade Facilities;

(3) Connecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the System Upgrade Facilities;

(4) Prior to commencement of construction, Developer shall provide to Connecting Transmission Owner a schedule for construction of the System Upgrade Facilities, and shall promptly respond to requests for information from Connecting Transmission Owner;

(5) At any time during construction, Connecting Transmission Owner shall have the right to gain unrestricted access to the System Upgrade Facilities and to conduct inspections of the same;

(6) At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Connecting Transmission Owner's System Upgrade Facilities not meet the standards and specifications provided by Connecting Transmission Owner, the Developer shall be obligated to remedy deficiencies in that portion of the System Upgrade Facilities;

(7) Developer shall indemnify Connecting Transmission Owner for claims arising from the Developer's construction of System Upgrade Facilities under procedures applicable to Article 18.1 Indemnity;

(8) Developer shall transfer control of System Upgrade Facilities to the Connecting Transmission Owner;

(9) Unless the Developer and Connecting Transmission Owner otherwise agree, Developer shall transfer ownership of System Upgrade Facilities to Connecting Transmission Owner;

(10) The Connecting Transmission Owner shall be responsible for operation and maintenance the System Upgrade Facilities to the extent engineered, procured, and constructed in accordance with this Article 5.2, and Connecting Transmission Owner may transfer that responsibility to a third party by contract.

5.3 Reserved.

5.4 Reserved.

5.5 Reserved.

5.6 Construction Commencement.

The Connecting Transmission Owner or Developer shall commence construction of the Transmission Project for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Transmission Project;

5.6.3 The Connecting Transmission Owner has received written authorization to proceed with construction from the Developer by the date specified in Appendix B hereto; and

5.7 Work Progress. The Developer and Connecting Transmission Owner will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, the Developer determines that the completion of the Connecting Transmission Owner's Attachment Facilities will not be required until after the specified In-Service Date, the Developer will provide written notice to the Connecting Transmission Owner of such later date upon which the completion of the Connecting Transmission Owner's Attachment Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Developer and Connecting Transmission Owner shall exchange information, regarding the design and compatibility of the Attachment Facilities and compatibility of the Attachment Facilities with the New York State Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Reserved.

5.10 Reserved.

5.11 Reserved.

5.12 Access Rights. Upon reasonable notice and supervision by the Granting Party, and subject to any required or necessary regulatory approvals from a Governmental Authority, either the Connecting Transmission Owner or Developer ("Granting Party") shall furnish to the other Party ("Access Party") at no cost any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress at the Point of Interconnection to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Transmission Project with the New York State Transmission System; (ii) operate and maintain the Transmission Project, the Attachment Facilities and the New York State Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this Agreement. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Access Party shall indemnify the Granting Party against all claims of injury or damage from third parties resulting from the exercise of the access rights provided for herein.

5.13 Lands of Other Property Owners. If any part of the Connecting Transmission Owner's Attachment Facilities and/or System Upgrade Facilities is to be installed on property owned by persons other than Developer or Connecting Transmission Owner, the Connecting Transmission Owner shall at Developer's expense use efforts, similar in nature and extent to those that it typically undertakes for its own or affiliated generation, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Connecting Transmission Owner's Attachment Facilities and/or System Upgrade Facilities upon such property.

5.14 Permits. Connecting Transmission Owner and the Developer shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Connecting Transmission Owner shall provide permitting assistance to the Developer comparable to that provided to the Connecting Transmission Owner's own, or an Affiliate's generation or transmission facilities, if any.

5.15 Reserved.

5.16 Reserved.

5.17 Taxes.

5.17.1 Developer Payments Not Taxable. The Developer and Connecting Transmission Owner intend that all payments or property transfers made by Developer to Connecting Transmission Owner for the installation of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, as applicable to this Transmission Project, Developer represents and covenants that (i) ownership of the electricity transmitted on the Transmission Project will pass to another party prior to the transmission of the electricity on the New York State Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Connecting Transmission Owner for the Connecting Transmission Owner's Attachment Facilities will be capitalized by Developer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Connecting Transmission Owner's Attachment Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129,

is reasonably expected to carry only a deminimis amount of electricity in the direction of the Transmission Project. For this purpose, "deminimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Connecting Transmission Owner's request, Developer shall provide Connecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Connecting Transmission Owner represents and covenants that the cost of the Connecting Transmission Owner's Attachment Facilities paid for by Developer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Connecting Transmission Owner. Notwithstanding Article 5.17.1, Developer shall protect, indemnify and hold harmless Connecting Transmission Owner from the cost consequences of any current tax liability imposed against Connecting Transmission Owner as the result of payments or property transfers made by Developer to Connecting Transmission Owner under this Agreement, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Connecting Transmission Owner.

Connecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Developer under this Agreement unless (i) Connecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Developer to Connecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Connecting Transmission Owner to report payments or property as income subject to taxation; provided, however, that Connecting Transmission Owner may require Developer to provide security, in a form reasonably acceptable to Connecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Developer shall reimburse Connecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Connecting Transmission Owner of the amount due, including detail about how the amount was calculated.

This indemnification obligation shall terminate at the earlier of (1) the expiration of the ten-year testing period and the applicable statute of limitation, as it may be extended by the Connecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a

subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Developer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Developer will pay Connecting Transmission Owner, in addition to the amount paid for the Attachment Facilities and System Upgrade Facilities, an amount equal to (1) the current taxes imposed on Connecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Connecting Transmission Owner as a result of payments or property transfers made by Developer to Connecting Transmission Owner under this Agreement (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Connecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Connecting Transmission Owner's composite federal and state tax rates at the time the payments or property transfers are received and Connecting Transmission Owner will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Connecting Transmission Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Connecting Transmission Owner's current weighted average cost of capital. Thus, the formula for calculating Developer's liability to Connecting Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount - Present Value of Tax Depreciation))/(1 - Current Tax Rate).

Developer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Attachment Facilities and System Upgrade Facilities.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Developer's request and expense, Connecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Developer to Connecting Transmission Owner under this Agreement are subject to federal income taxation. Developer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Developer's knowledge. Connecting Transmission Owner and Developer shall cooperate in good faith with respect to the submission of such request.

Connecting Transmission Owner shall keep Developer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Developer to participate in all discussions with the IRS regarding such request for a private letter ruling. Connecting Transmission Owner shall allow Developer to attend all meetings with IRS officials about the request and shall permit Developer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within 10 years from the date on which the relevant Connecting Transmission Owner Attachment Facilities are placed in service, (i) Developer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this Agreement terminates and Connecting Transmission Owner retains ownership of the Attachment Facilities and System Upgrade Facilities, the Developer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Connecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Connecting Transmission Owner's receipt of payments or property constitutes income that is subject to taxation, Connecting Transmission Owner shall notify Developer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Developer and at Developer's sole expense, Connecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Developer's written request and sole expense, Connecting Transmission Owner may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Connecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Connecting Transmission Owner shall keep Developer informed, shall consider in good faith suggestions from Developer about the conduct of the contest, and shall reasonably permit Developer or an Developer representative to attend contest proceedings.

Developer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Connecting Transmission Owner may agree to a settlement either with Developer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Connecting Transmission Owner, but reasonably acceptable to Developer, that the proposed settlement represents a reasonable settlement given the hazards of litigation.

Developer's obligation shall be based on the amount of the settlement agreed to by Developer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Developer's consent or such written advice will relieve Developer from any obligation to indemnify Connecting Transmission Owner for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to Connecting Transmission Owner which holds that any amount paid or the value of any property transferred by Developer to Connecting Transmission Owner under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Connecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Developer to Connecting Transmission Owner under the terms of this Agreement is not taxable to Connecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Developer to Connecting Transmission Owner are not subject to federal income tax, or (d) if Connecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Developer to Connecting Transmission Owner pursuant to this Agreement, Connecting Transmission Owner shall promptly refund to Developer the following:

(i) Any payment made by Developer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) Interest on any amounts paid by Developer to Connecting Transmission Owner for such taxes which Connecting Transmission Owner did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by Developer to the date Connecting Transmission Owner refunds such payment to Developer, and

(iii) With respect to any such taxes paid by Connecting Transmission Owner, any refund or credit Connecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Connecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Connecting Transmission Owner to any Governmental

Authority resulting from an offset or credit); provided, however, that Connecting Transmission Owner will remit such amount promptly to Developer only after and to the extent that Connecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Connecting Transmission Owner's Attachment Facilities.

The intent of this provision is to leave both the Developer and Connecting Transmission Owner, to the extent practicable, in the event that no taxes are due with respect to any payment for Attachment Facilities and System Upgrade Facilities hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Developer, and at Developer's sole expense, Connecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Connecting Transmission Owner for which Developer may be required to reimburse Connecting Transmission Owner under the terms of this Agreement. Developer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Developer and Connecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Developer to Connecting Transmission Owner for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Developer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Connecting Transmission Owner.

5.18 Tax Status; Non-Jurisdictional Entities.

5.18.1 Tax Status. Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, the Connecting Transmission Owner shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability to issue future tax-exempt obligations. For purposes of this provision, Tax-Exempt Bonds shall include the obligations of the Connecting

Transmission Owner the interest on which is not included in gross income under the Internal Revenue Code.

5.19 Modification.

5.19.1 General. Either the Developer or Connecting Transmission Owner may undertake modifications to its facilities covered by this Agreement. If either the Developer or Connecting Transmission Owner plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party, sufficient information regarding such modification so that the other Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be Confidential Information hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Transmission Project. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this Agreement, NYISO requirements and Good Utility Practice.

5.19.3 Modification Costs. Developer shall not be assigned the costs of any additions, modifications, or replacements that Connecting Transmission Owner makes to the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System to facilitate the interconnection of a third party to the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System, or to provide Transmission Service to a third party under the NYISO OATT, except in accordance with the cost allocation procedures in Attachment S of the NYISO OATT. Developer shall be responsible for the costs of any additions, modifications, or replacements to the Developer Attachment Facilities that may be necessary to maintain or upgrade such Developer Attachment Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, the Connecting Transmission Owner shall test the

Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities and Developer shall test the Transmission Project and the Developer's Attachment Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Developer and Connecting Transmission Owner shall each make any modifications to its facilities that are found to be necessary as a result of such testing. The Developer has the right to test all System Upgrade Facilities located at the Sugarloaf Substation. The Connecting Transmission Owner shall bear the cost of all such testing and modifications.

6.2 Post-Commercial Operation Date Testing and Modifications. Consistent with Section 10.5, Connecting Transmission Owner shall pay all the expenses associated with performing routine inspection and testing of the facilities and equipment in accordance with Good Utility Practice and Applicable Reliability Standards as may be necessary to provide for the continued interconnection of the Transmission Project with the New York State Transmission System in a safe and reliable manner. Developer and Connecting Transmission Owner shall each have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the Connecting Transmission Owner's expense, as may be in accordance with Good Utility Practice.

6.3 Right to Observe Testing. Developer and Connecting Transmission Owner shall each notify the other Party in advance of its performance of tests of its Attachment Facilities and Transmission Project. The other Party shall each have the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Developer and Connecting Transmission Owner shall each have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Attachment Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Attachment Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be treated in accordance with Article 22 of this Agreement and Attachment F to the NYISO OATT.

ARTICLE 7. METERING

7.1 General.

Developer and Connecting Transmission Owner shall each comply with applicable requirements of NYISO and the New York Public Service Commission when exercising its rights and fulfilling its responsibilities under this Article 7. Unless otherwise agreed by Connecting Transmission Owner and Developer, Connecting Transmission Owner shall install Metering Equipment at the Point of Interconnection prior to any operation of the Transmission Facility and shall own, operate, test and maintain such Metering Equipment. Net power flows including MW and MVAR, MWHR and loss profile data to and from the Transmission Facility shall be measured at the Point of Interconnection. Connecting Transmission Owner shall provide metering quantities, in analog and/or digital form, as required, to the Developer upon request. As negotiated between the Parties, the Connecting Transmission Owner shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

7.2 Local Meters.

Developer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more local meters to check Connecting Transmission Owner's meters. Such local meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this Agreement, except as provided in Article 7.4 below. The local meters shall be subject at all reasonable times to inspection and examination by Connecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Developer in accordance with Good Utility Practice.

7.3 Standards.

Connecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment including potential transformers and current transformers in accordance with applicable ANSI and PSC standards as detailed in the NYISO Control Center Communications Manual and in the NYISO Revenue Metering Requirements Manual.

7.4 Testing of Metering Equipment.

Connecting Transmission Owner shall inspect and test all of its Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Developer, Connecting Transmission Owner shall, at Developer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Connecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Developer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Developer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Connecting Transmission Owner's failure to maintain, then Connecting Transmission Owner shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Connecting Transmission Owner shall adjust the measurements by correcting all measurements for the period during which Metering

Equipment was in error by using Developer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.

7.5 Metering Data.

At Developer's expense, the metered data shall be telemetered to one or more locations designated by Connecting Transmission Owner, Developer and the NYISO. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy transmitted by the Transmission Facility at the Point of Interconnection.

ARTICLE 8. COMMUNICATIONS

8.1 Developer Obligations. In accordance with applicable NYISO requirements, Developer shall maintain satisfactory operating communications with Connecting Transmission Owner and the NYISO. The Connecting Transmission Owner shall provide standard voice line, dedicated voice line and facsimile communications at its transmission control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. The Connecting Transmission Owner shall also provide the dedicated data circuit(s) necessary to provide Developer data to Connecting Transmission Owner and the NYISO as set forth in Appendix A hereto. The data circuit(s) shall extend from the Transmission Project to the location(s) specified by Connecting Transmission Owner, Developer and the NYISO. Any required maintenance of such communications equipment shall be performed by Developer at the Connecting Transmission Owner's expense. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

8.2 Remote Terminal Unit. Prior to the Initial Synchronization Date of the Transmission Project, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Developer, or by Connecting Transmission Owner at the Connecting Transmission Owner's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Connecting Transmission Owner and NYISO through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Connecting Transmission Owner, the Developer and the NYISO. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Connecting Transmission Owner, and the NYISO.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require

the attention and/or correction by that other Party. The other Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 **No Annexation**. Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Party providing such equipment and the Party receiving such equipment.

ARTICLE 9. OPERATIONS

9.1 **General**. Each Party shall comply with Applicable Laws and Regulations and Applicable Reliability Standards. Each Party shall provide to the other Parties all information that may reasonably be required by the other Parties to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 **Connecting Transmission Owner Obligations**. Connecting Transmission Owner shall cause the New York State Transmission System and the Connecting Transmission Owner's Attachment Facilities to be operated, maintained and controlled in a safe and reliable manner in accordance with this Agreement and the NYISO Tariffs. Connecting Transmission Owner may provide operating instructions to Developer consistent with this Agreement, NYISO procedures and Connecting Transmission Owner's operating protocols and procedures as they may change from time to time. Connecting Transmission Owner will consider changes to its respective operating protocols and procedures proposed by Developer.

9.3 **Developer Obligations**. Developer shall at its own expense operate, maintain and control the Transmission Project and the Developer Attachment Facilities in a safe and reliable manner and in accordance with this Agreement. Developer shall operate the Transmission Project and the Developer's Attachment Facilities in accordance with NYISO and Connecting Transmission Owner requirements.

9.4 **Start-Up and Synchronization**. Consistent with the mutually acceptable procedures of the Developer and Connecting Transmission Owner, the Developer is responsible for the proper synchronization of the Transmission Project to the New York State Transmission System in accordance with the NYISO, and Connecting Transmission Owner procedures and requirements.

9.5 **Reserved.**

9.6 Outages and Interruptions.

9.6.1 Outages.

9.6.1.1 Outage Authority and Coordination. Developer and Connecting Transmission Owner may each, in accordance with NYISO procedures and Good Utility Practice and in coordination with the other Party, remove from service any of its respective Attachment Facilities or System Upgrade Facilities that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency State, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to both the Developer and the Connecting Transmission Owner. In all circumstances either Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.6.1.2 Outage Schedules. Developer shall post scheduled outages of its transmission facilities on the NYISO OASIS.

9.6.1.3 Outage Restoration. If an outage on the Attachment Facilities or System Upgrade Facilities of the Connecting Transmission Owner or Developer adversely affects the other Party's operations or facilities, the Party that owns the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns the facility that is out of service shall provide the other Party and NYISO, to the extent such information is known, information on the nature of the Emergency State, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.6.2 Interruption of Service. If required by Good Utility Practice or Applicable Reliability Standards to do so, the NYISO or Connecting Transmission Owner may require Developer to interrupt or reduce transmission of electricity over the Transmission Project if such transmission could adversely affect the ability of NYISO and Connecting Transmission Owner to perform such activities as are necessary to safely and reliably operate and maintain the New York State Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.6.2:

9.6.2.1 The interruption or reduction shall continue only for so long as reasonably necessary to: (a) protect its facilities from physical

damage or to prevent injury or damage to persons or property under Good Utility Practice; or (b) comply with Applicable Reliability Standards;

9.6.2.2 Any such interruption or reduction shall be : (a) undertaken in accordance with applicable NYISO procedures and directives; and (b) undertaken on an equitable, non-discriminatory basis with respect to all transmission facilities directly connected to that part of the New York State Transmission System owned by Connecting Transmission Owner;

9.6.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice or Connecting Transmission Owner shall notify Developer as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.6.2.4 Except during the existence of an Emergency State, when the interruption or reduction can be scheduled without advance notice, Connecting Transmission Owner or Developer, as applicable, shall notify the other Party in advance regarding the timing of such scheduling and further notify the other Party of the expected duration. Connecting Transmission Owner shall coordinate with the Developer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to the Developer, the Connecting Transmission Owner and the New York State Transmission System;

9.6.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Transmission Project, Attachment Facilities, and the New York State Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice, and in accordance with the directives of the NYISO.

9.6.3 Under-Frequency and Over-Frequency Conditions. The New York State Transmission System is designed to automatically activate a load-shed program as required by the NPCC in the event of an under-frequency system disturbance. Developer shall implement under-frequency and over-frequency relay set points for the Transmission Project as required by the NPCC to ensure the "ride through" capability of the New York State Transmission System. Transmission Project response to frequency deviations of predetermined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with the NYISO and Connecting Transmission Owner in accordance with Good

Utility Practice. The term "ride through" as used herein shall mean the ability of a ttransmission facility to stay connected to and synchronized with the New York State Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and with criteria A 3.

9.6.4 System Protection and Other Control Requirements.

9.6.4.1 System Protection Facilities. Connecting Transmission Owner shall have installed System Protection Facilities at the terminal substations as a part of the Transmission Project. Connecting Transmission Owner shall install at Developer's expense any System Protection Facilities that may be required on the Connecting Transmission Owner Attachment Facilities or the New York State Transmission System as a result of the interconnection of the Transmission Project.

9.6.4.2 The protection facilities of both the Developer and Connecting Transmission Owner shall be designed and coordinated with other systems in accordance with Good Utility Practice and Applicable Reliability Standards.

9.6.4.3 The Developer and Connecting Transmission Owner shall each be responsible for protection of its respective facilities consistent with Good Utility Practice and Applicable Reliability Standards.

9.6.4.4 The protective relay design of the Developer and Connecting Transmission Owner shall each incorporate the necessary test switches to perform the tests required in Article 6 of this Agreement. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of the Developer's Transmission Project or the Connecting Transmission Owner's facilities.

9.6.4.5 Developer and Connecting Transmission Owner will each test, operate and maintain System Protection Facilities in accordance with Good Utility Practice and NPCC criteria.

9.6.4.6 Prior to the In-Service Date, and again prior to the Commercial Operation Date, Developer and Connecting Transmission Owner shall each perform, or their agents shall perform, a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, Developer

and Connecting Transmission Owner shall each perform calibration and functional trip tests of the System Protection Facilities in a manner and at intervals consistent with Connecting Transmission Owner's standard practice for performing such tests. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.6.5 Requirements for Protection. In compliance with NPCC requirements, applicable requirements of other Applicable Reliability Councils, and Good Utility Practice, Developer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Transmission Project to any short circuit occurring on the New York State Transmission System not otherwise isolated by Connecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New York State Transmission System. Developer shall be solely responsible to disconnect the Transmission Project and Developer's other equipment if conditions on the New York State Transmission System could adversely affect the Transmission Project.

9.6.6 Power Quality. Neither the facilities of Developer nor the facilities of Connecting Transmission Owner shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.7 Switching and Tagging Rules.

Developer and Connecting Transmission Owner shall each provide the other Party with a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed and administered on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.8 Use of Attachment Facilities by Third Parties.

9.8.1 Purpose of Attachment Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to by the Parties, the Attachment Facilities shall be constructed for the sole purpose of interconnecting the

Transmission Project to the New York State Transmission System and shall be used for no other purpose.

9.8.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Connecting Transmission Owner's Attachment Facilities, or any part thereof, Developer shall be entitled to compensation for the capital expenses it incurred in connection with the Attachment Facilities based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Developer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Attachment Facilities, will be allocated between Developer and any third party users based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Developer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

9.9 Disturbance Analysis Data Exchange. The Parties will cooperate with one another and the NYISO in the analysis of disturbances to either the Transmission Project or the New York State Transmission System by gathering and providing access to any information relating to any disturbance, including information from disturbance recording equipment, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

ARTICLE 10. MAINTENANCE

10.1 Connecting Transmission Owner Obligations. Connecting Transmission Owner shall maintain its transmission facilities and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

10.2 Developer Obligations. Developer shall maintain its Transmission Project and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

10.3 Coordination. Developer and Connecting Transmission Owner shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Transmission Project and the Attachment Facilities. The Developer and Connecting Transmission Owner shall keep the NYISO fully informed of the

preventive and corrective maintenance that is planned, and shall schedule all such maintenance in accordance with NYISO procedures.

10.4 Secondary Systems. Developer and Connecting Transmission Owner shall each cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of Developer or Connecting Transmission Owner's facilities and equipment which may reasonably be expected to impact the other Party. Developer and Connecting Transmission Owner shall each provide advance notice to the other Party, and to NYISO, before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

10.5 Operating and Maintenance Expenses. Subject to the provisions herein addressing the use of facilities by third parties, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, the Connecting Transmission Owner shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Developer Attachment Facilities; and (2) operation, maintenance, repair and replacement of Connecting Transmission Owner's Attachment Facilities. The Connecting Transmission Owner shall also be responsible for all operating and maintenance expenses associated with the SUFs that are listed in Appendix A.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Developer Attachment Facilities. Developer shall design, procure, construct, install, own and/or control the Developer's Attachment Facilities described in Appendix A, hereto.

11.2 Connecting Transmission Owner's Attachment Facilities. Connecting Transmission Owner shall design, procure, construct, install, own and/or control the Connecting Transmission Owner's Attachment Facilities described in Appendix A hereto, at its sole expense.

11.3 System Upgrade Facilities.
The Connecting Transmission Owner shall design, procure, construct, install, the 345 kV System Upgrade Facilities described in Appendix A hereto. The Connecting Transmission Owner shall own the System Upgrade Facilities that will be located in the

345kv Ramapo Substation. The Developer will own the remaining in System Upgrade Facilities, as described in Appendix A.

11.4 Reserved.

11.5 Provision of Security. No security is required to be posted because Connecting Transmission Owner will be responsible for performing all the construction activities and has assumed all such cost responsibility.

11.6 Developer Compensation for Emergency Services. If, during an Emergency State, Developer provides services at the request or direction of the NYISO or Connecting Transmission Owner, Developer will be compensated for such services in accordance with the Services Tariff.

11.7 Line Outage Costs. Notwithstanding any provision in the Tariff to the contrary, Connecting Transmission Owner may propose to recover line outage costs associated with the installation of Connecting Transmission Owner's Attachment Facilities or System Upgrade Facilities on a case-by-case basis.

ARTICLE 12. INVOICE

12.1 General. Developer and Connecting Transmission Owner shall each submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. Developer and Connecting Transmission Owner may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts one Party owes to the other Party under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities, Connecting Transmission Owner shall provide an invoice of the final cost of the construction of the Connecting Transmission Owner's Attachment Facilities and the System Upgrade Facilities and shall set forth such costs in sufficient detail to enable Developer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in Appendix F hereto. The Party receiving the invoice shall pay the invoice within thirty

(30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices will not constitute a waiver of any rights or claims the paying Party may have under this Agreement.

12.4 Disputes. In the event of a billing dispute between Connecting Transmission Owner and Developer, Connecting Transmission Owner shall continue to perform under this Agreement as long as the paying Party : (i) continues to make all payments not in dispute; and (ii) pays to the other Party or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the paying Party fails to meet these two requirements for continuation of service, then the other Party may provide notice to the paying Party of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

ARTICLE 13. EMERGENCIES

13.1 Obligations. Each Party shall comply with the Emergency State procedures of the NYISO, the applicable Reliability Councils, Applicable Laws and Regulations, and any emergency procedures agreed to by the NYISO Operating Committee.

13.2 Notice. The NYISO or, as applicable, Connecting Transmission Owner shall notify Developer promptly when it becomes aware of an Emergency State that affects the Connecting Transmission Owner's Attachment Facilities or the New York State Transmission System that may reasonably be expected to affect Developer's operation of the Transmission Project or the Developer's Attachment Facilities. Developer shall notify NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency State that affects the Transmission Project or the Developer Attachment Facilities that may reasonably be expected to affect the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities. To the extent information is known, the notification shall describe the Emergency State, the extent of the damage or deficiency, the expected effect on the operation of Developer's or Connecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.3 Immediate Action. Unless, in Developer's reasonable judgment, immediate action is required, Developer shall obtain the consent of Connecting Transmission Owner, such consent to not be unreasonably withheld, prior to performing any manual switching operations of the Transmission Project or in response to an Emergency State either declared by the NYISO, Connecting Transmission Owner or otherwise regarding New York State Transmission System.

13.4 NYISO and Connecting Transmission Owner Authority.

13.4.1 General. The NYISO or Connecting Transmission Owner may take whatever actions with regard to the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities it deems necessary during an Emergency State in order to (i) preserve public health and safety, (ii) preserve the reliability of the New York State Transmission System or the Connecting Transmission Owner's Attachment Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission Project. The NYISO or Connecting Transmission Owner may, on the basis of technical considerations, require the Transmission Project to mitigate an Emergency State by taking actions necessary and limited in scope to remedy the Emergency State, including, but not limited to, directing Developer to shut-down, start-up, increase or decrease the real or reactive power output of the Transmission Project; implementing a reduction or disconnection pursuant to Article 13.4.2; directing Developer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Transmission Project and the Developer Attachment Facilities. Developer shall comply with all of the NYISO and Connecting Transmission Owner's operating instructions concerning Transmission Project, in compliance with Applicable Laws and Regulations.

13.4.2 Reduction and Disconnection. The NYISO or Connecting Transmission Owner may disconnect the Transmission Project, when such reduction or disconnection is necessary under Good Utility Practice due to an Emergency State. These rights are separate and distinct from any right of Curtailment of the NYISO pursuant to the NYISO OATT. When NYISO or Connecting Transmission Owner can schedule the reduction or disconnection in advance, NYISO or Connecting Transmission Owner shall notify Developer of the reasons, timing and expected duration of the reduction or disconnection. The NYISO or Connecting Transmission Owner shall coordinate with Developer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Developer and the New York State Transmission System. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Transmission Project, the Attachment Facilities, and the New York State Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.5 Developer Authority. Consistent with Good Utility Practice and this Agreement, Developer may take whatever actions or inactions with regard to the Transmission Project during an Emergency State in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission Project, (iii) limit or prevent damage, and

(iv) expedite restoration of service. Developer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New York State Transmission System and the Connecting Transmission Owner's Attachment Facilities. The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to assist Developer in such actions.

13.6 Limited Liability. Except as otherwise provided in Article 11.6 of this Agreement, no Party shall be liable to another Party for any action it takes in responding to an Emergency State so long as such action is made in good faith and is consistent with Good Utility Practice and the NYISO Tariffs.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require Developer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies Act of 1978, as amended.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles.

14.2.2 This Agreement is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by a Party to the other Party and any instrument

required or permitted to be tendered or delivered by a Party in writing to the other Party shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F hereto.

A Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F hereto.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F hereto.

15.4 Operations and Maintenance Notice. Developer and Connecting Transmission Owner shall each notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10 of this Agreement.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship shall not constitute and is not considered a Force Majeure event.

16.1.2 A Party shall not be responsible or liable, or deemed, in Default with respect to any obligation hereunder, (other than the obligation to pay money when due, to the extent the Party is prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch,

but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Breach, the non-Breaching Parties shall give written notice of such to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article 17, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Party shall thereafter have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not the non-breaching Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity. Each Party (the "Indemnifying Party") shall at all times indemnify, defend, and save harmless, as applicable, the other Party (the "Indemnified Party") from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from (i) the Indemnified Party's performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified

Party was caused by the gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any Hazardous Substance.

18.1.1 Indemnified Party. If a Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1.3, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 18, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

Except as stated below, the Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action includes the Indemnified Party and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall be required to pay the fees and expenses of an additional attorney to represent the Indemnified Party.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the

Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

18.2 No Consequential Damages. Other than the Liquidated Damages heretofore described and the indemnity obligations set forth in Article 18.1, in no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under separate agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. The following insurance requirements will apply in the event that the Developer and the Connecting Transmission Owner are not affiliated companies.

Developer and Connecting Transmission Owner shall each, at its own expense, maintain in force throughout the period of this Agreement, and until released by the other Party, the following insurance coverages:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of New York State.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, property damage, contractual liability coverage products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and damages to the extent normally available and include cross liability with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

18.3.3 Commercial Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per accident for bodily injury, including death, and property damage.

18.3.4 Excess Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage,

with a minimum combined single limit of Twenty Million Dollars ($20,000,000) per occurrence/Twenty Million Dollars ($20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Liability Insurance policies of Developer and Connecting Transmission Owner shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group. Each party will provide thirty (30) calendar days advance written notice to the Other Party Group prior to the cancellation or any material change in coverage

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies providing additional insured status shall contain provisions that the policies are primary and shall apply to such extent without consideration for other policies separately carried. These policies shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Developer and Connecting Transmission Owner shall each be responsible for its respective deductibles or retentions.

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Developer and Connecting Transmission Owner are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by those Parties under this Agreement.

18.3.9 Within ten (10) days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, Developer and Connecting Transmission Owner shall provide certification of all insurance required in this Agreement, executed by an authorized representative of insurers.

18.3.10 Notwithstanding the foregoing, Developer and Connecting Transmission Owner may each self-insure to meet the insurance requirements of Articles 18.3.1 18.3.2, 18.3.3 and 18.3.5 auto liability and workers compensation is in statutory compliance with New York State laws In the event that a Party is self-insured pursuant to this Article 18.3.10, it shall notify the other Party that

it meets the statutory requirements to self-insure and that its self-insurance program meets the New York State statutory self-insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 Developer and Connecting Transmission Owner agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

Contractors' Insurance. Each party will require their Contractors of every level to: procure and maintain the following insurance at its own expense until completion and acceptance of performance hereunder, and thereafter to the extent stated below, with at least the monetary limits specified. The insurance shall be in policy forms which contain an "occurrence" and not a "claims made" determinant of coverage and shall be placed with insurance companies acceptable to the Connecting Transmission Owner.

A. Employment related insurance.

(a) Workers' Compensation Insurance as required by law.

(b) Employer's Liability Insurance, including accidents (with a limit of $1,000,000 per accident) and occupation diseases (with a limit of $1,000,000 per employee).

(c) Where applicable, insurance required by the United States Longshoremen's and harbor Workers' Act, the Federal Employers' Liability Act, and the Jones Act.

B. Commercial General Liability Insurance, including Contractual Liability, with limits of not less than $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 $5,000,000 per occurrence and, for at least one year after completion of performance hereunder, Products/Completed Operations Liability Insurance with similar but separate and independent limits. Every contractor will be responsible for their policies' deductibles. The insurance shall contain no exclusions for explosion, collapse of a building or structure, or underground hazards. The insurance policy or policies shall name Connecting Transmission Owner and Developer as an additional insured. And their insurance will be primary and non-contributory to any other insurance available to the Additional Insured. There shall be no exclusion for claims by Contractor employees against Connecting Transmission Owner or Developer based on injury to Contractor's employees.

C. Commercial Automobile Liability Insurance, covering all owned, non-owned and hired automobiles used by the contractor or any subcontractors, with limits of $1,000,000 each accident for bodily injury or death and property damage.

D. Where the Work involves the use of aircraft, Aircraft Liability Insurance, covering all owned, non-owned and hired aircraft, including helicopters, used by Contractor or any Subcontractors, with a combined single limit of not less than $5,000,000 for bodily injury or death and property damage. The insurance policy shall name Connecting Transmission Owner and Developer as an additional insured for the full policy limits insured.

Contractor will provide Connecting Transmission Owner with at least ten (10) days' written notice prior to the effective date of any cancellation of the insurance or of any changes in policy limits or scope of coverage.

At least three days prior to commencing work at the site, Contractor shall furnish Connecting Transmission Owner with Certificate(s) of Insurance covering all required insurance and signed by the insurer or its authorized representative certifying that the required insurance has been obtained. Such certificates shall state that the policies have been issued and are effective, show their expiration dates, and state that Connecting Transmission Owner is an additional insured with respect to all coverages enumerated in paragraphs B, D and E above. Connecting Transmission Owner shall have the right to require Contractor to furnish Connecting Transmission Owner, upon request, with a copy of the insurance policy or policies required under paragraphs A, C, and D hereunder. Contractor agrees that this is an insured contract. The insurance required herein is intended to cover Connecting Transmission Owner for its own liability for negligence or any other cause of action in any claim or lawsuit for bodily injury or property damage arising out of the Work performed pursuant to this Agreement.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Agreement without the consent of the other Parties; to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; provided further that a Party may assign this Agreement without the consent of the other Party in connection with the sale, merger, restructuring, or transfer of a substantial portion or all of its assets, including the Attachment Facilities it owns, so long as the assignee in such a transaction directly assumes in writing all rights, duties and obligations arising under this Agreement; and

provided further that Developer shall have the right to assign this Agreement, without the consent of Connecting Transmission Owner, for collateral security purposes to aid in providing financing for the Transmission Project, provided that Developer will promptly notify Connecting Transmission Owner of any such assignment. Any financing arrangement entered into by Developer pursuant to this Article will provide that prior to or upon the exercise of the secured party's trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Connecting Transmission Owner of the date and particulars of any such exercise of assignment right(s) and will provide Connecting Transmission Owner with proof that it meets the requirements of Article 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement; provided that if Developer (or any third party, but only if such third party is not acting at the direction of the Connecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the rights and obligations of Developer and Connecting Transmission Owner shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Certain information exchanged by the Parties during the term of this Agreement shall constitute confidential information ("Confidential Information") and shall be subject to this Article 22.

If requested by a Party receiving information, the Party supplying the information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Confidential Information. The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F to the NYISO OATT.

22.1.3 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 22.1.8 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

22.1.4 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by FERC Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be considering providing financing to or equity participation with Developer, or to potential purchasers or assignees of a Party, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall

remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.5 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.6 No Warranties. By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.7 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory requirements, including the Tariff and NYISO Services Tariff.

22.1.8 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.9 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party pursuant to this Agreement.

22.1.10 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.11 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. Section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement or the Tariff, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. Section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. One Party is prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to the FERC or its staff. The Party shall notify the other Party to the Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time the Parties may respond before such information would be made public, pursuant to 18 C.F.R. Section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations. A Party shall not be liable for any losses, consequential or otherwise, resulting from that Party divulging Confidential Information pursuant to a FERC or state regulatory body request under this paragraph.

22.1.12 Except as otherwise expressly provided herein, no Party shall disclose Confidential Information to any person not employed or retained by the Party possessing the Confidential Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement, the Tariff or the NYISO Services Tariff. Prior to any disclosures of a Party's Confidential Information under this

subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Developer and Connecting Transmission Owner Notice. Developer and Connecting Transmission Owner shall each notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Transmission Project or the Attachment Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENT

24.1 Information Acquisition. Connecting Transmission Owner and Developer shall each submit specific information regarding the electrical characteristics of their respective facilities to the other, as described below and in accordance with Applicable Reliability Standards.

24.2 Information Submission by Connecting Transmission Owner. The initial information submission by Connecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include New York State Transmission System information necessary to allow the Developer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Developer and Connecting Transmission Owner. On a monthly basis Connecting Transmission Owner shall provide Developer and if requested, to the NYISO. a status report on the construction and installation of Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Developer. The updated information submission by the Developer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Information in this submission shall be the most current Transmission Project design or expected performance data. Information submitted for stability models shall be compatible with NYISO standard models. If there is no compatible model, the Developer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Developer's data is different from what was originally provided to Connecting Transmission Owner and this difference may be reasonably expected to affect the other Party's facilities or the New York State Transmission System, then Connecting Transmission Owner and Developer will conduct appropriate studies to determine the impact on the New York State Transmission System based on the actual data submitted pursuant to this Article 24.3. Such studies will provide an estimate of any additional modifications to the New York State Transmission System, Connecting Transmission Owner's Attachment Facilities, or System Upgrade Facilities based on the actual data and a good faith estimate of the costs thereof. Developer shall not begin Trial Operation until such studies are completed. Developer shall be responsible for the cost of any modifications required by the actual data, including the cost of any required studies.

24.4 Information Supplementation. Prior to the Commercial Operation Date, Developer and Connecting Transmission Owner shall supplement their information submissions described above in this Article 24 with any and all "as-built" Transmission Project information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. Developer shall conduct tests on the Transmission Projectas required by Good Utility Practice.

Developer shall provide the Connecting Transmission Owner validated test recordings showing the responses of the Transmission Project.

Subsequent to the Commercial Operation Date, Developer shall provide Connecting Transmission Owner with any information changes due to equipment replacement, repair, or adjustment. Connecting Transmission Owner shall provide Developer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Connecting Transmission Owner substation that may affect the Transmission Project or Developer Attachment Facilities equipment ratings, protection or operating requirements. Developer and Connecting Transmission Owner shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party ("Disclosing Party") shall make available to another Party ("Requesting Party") information that is in the possession of the Disclosing Party and is necessary in order for the Requesting Party to: (i) verify the costs incurred by the Disclosing Party for which the Requesting Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 of this Agreement and to enforce their rights under this Agreement.

25.2 Reporting of Non-Force Majeure Events. Each Party (the "Notifying Party") shall notify the other Parties when the Notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to another Party, to audit at its own expense the other Party's accounts and records pertaining to the other Party's performance or satisfaction of its obligations under this Agreement. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, and each Party's actions in an Emergency State. Any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to the Party's performance and satisfaction of obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4 of this Agreement.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities shall be subject to audit for a period of twenty-four months following Connecting Transmission Owner's issuance of a final invoice in accordance with Article 12.2 of this Agreement.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of its obligations under this Agreement other than those described in Article 25.4.1 of this Agreement shall be subject to audit as follows: (i) for an audit relating to cost obligations,

the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

26.2 Responsibility of Principal. The establishment of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Connecting Transmission Owner be liable for the actions or inactions of Developer or its subcontractors with respect to obligations of the Developer under Article 5 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

27.1 Submission. In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance ("Dispute"), such Party shall provide the other Party with written notice of the Dispute ("Notice of Dispute"). Such Dispute shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to

resolve the Dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party' receipt of the Notice of Dispute, such Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

27.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. In each case, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties with an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Attachment Facilities, or System Upgrade Facilities.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) one-half the cost of the single arbitrator jointly chosen by the Parties.

27.5 Termination. Notwithstanding the provisions of this Article 27, any Party may terminate this Agreement in accordance with its provisions or pursuant to an action at law or equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Transmission Project, Attachment Facilities and System Upgrade Facilities owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

28.1.2 Authority. Such Party has the right, power and authority to enter into this Agreement, to become a Party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

ARTICLE 29. MISCELLANEOUS

29.1 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

29.2 Conflicts. The Parties expressly agree that the terms and conditions of the Appendices shall take precedence over the provisions of this cover agreement in case of a discrepancy or conflict between or among the terms and conditions of same.

29.3 Rules of Interpretation. This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement or such Appendix to this Agreement, or such Section to the Large Facility Interconnection Procedures or such Appendix to the Large Facility Interconnection Procedures, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

29.4 Compliance. Each Party shall perform its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, the Tariff and Good Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith. When any Party becomes aware of such a situation, it shall notify the other Parties promptly so that the Party can discuss the amendment to this Agreement that is appropriate under the circumstances.

29.5 Joint and Several Obligations. Except as otherwise stated herein, the obligations of Developer and Connecting Transmission Owner are several, and are neither joint nor joint and several.

29.6 Entire Agreement. This Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

29.7 No Third Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and permitted their assigns.

29.8 Waiver. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

29.9 Headings. The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

29.10 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

29.11 Amendment. The Parties may by mutual agreement amend this Agreement, by a written instrument duly executed by all the Parties.

29.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Agreement, by a written instrument duly executed by all of the Parties. Such an amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

29.13 Reservation of Rights. Connecting Transmission Owner shall have the right to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Developer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder;

provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

29.14 No Partnership. This Agreement shall not be interpreted or construed to establish an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

29.15 Other Transmission Rights. Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, or transmission congestion rights that Developer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, resulting from the System Upgrade Facilities.

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

ORANGE AND ROCKLAND UTILITIES, INC.

By:_____

Francis W. Peverly

Vice President, Operations

Date:_____

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By:_____

Brian Horton

Vice President, System and Transmission Operations

Date:_____

APPENDICES

Appendix A
Attachment Facilities and System Upgrade Facilities

Appendix B
Milestones

Appendix C
Interconnection Details

Appendix D
Security Arrangements

Appendix E
Commercial Operation Date

Appendix F
Addresses for Delivery of Notices and Billings

APPENDIX A

ATTACHMENT FACILITIES AND SYSTEM UPGRADE FACILITIES

1. Reliability Project Overview

The Reliability Project consists of a 345kV transmission line from the 345 kV Ramapo Facility and ultimately terminating at the Rock Tavern substation, owned by Central Hudson Gas & Electric Corp. The interconnection details at Rock Tavern and Sugarloaf are part of separate Interconnection Agreements. The portion of the Reliability Project which is addressed by this Agreement is the Developer's Transmission Project which shall be relocated from its present interconnection point at the 138kV Ramapo Facility and moved to the 345 kV Ramapo Facility. In addition, and as detailed below, System Upgrade Facilities at the Sugarloaf Substation will be needed to be constructed in order to permit the Developer to step down the voltage from 345kV to 138kV.

2. Transmission Project Overview

The Transmission Project consists of a modification to a transmission line circuit which currently exists between the Developer's 138kV Ramapo Facility and the Developer's 138kV Sugarloaf substation, currently known as feeder 28. This will require the reconnection of the existing transmission line (feeder 28) to the 345kV Ramapo Facility and the installation of a new 400 MVA 345/138kV step-down transformer between the Developer's Sugarloaf 345 kV and 138 kV substations. The step-down transformer connection will utilize the bus position at the 138kV Sugarloaf substation vacated by the disconnected Feeder 28. Once Feeder 28 begins operation at 345 kV, it will be known as "Feeder 76" and will be comparable in design and function to the currently existing Feeder 77. The Developer's Transmission Line will be reconnected from their 138kV Ramapo Substation to the 345 kV Ramapo Facility. The 345kV Ramapo Facility will consist of a new 345kV bay containing two new 345kV breakers and ancillary equipment.

The Point of Interconnection for the Transmission Project will be at the Connecting Transmission Owner's 345 kV Ramapo substation as shown in Figure A-1.

3. Attachment Facilities:

(a) Developer's Attachment Facilities ("DAF"):

There are no Developer's Attachment Facilities.

(b) Connecting Transmission Owner's Attachment Facilities ("CTOAF"):

The Connecting Transmission Owner's Attachment Facilities consist of the 345kV disconnect switch, bus bar and associated grounding switch at the 345kV Ramapo Facility, as shown in Figure A-1.

4. (a) System Upgrade Facilities - 345kV Ramapo Substation:

The System Upgrade Facilities are the new bay expansion including the items listed below to be installed at the 345kV Ramapo Facility as shown in Figure A-1.

- Four, 345 kV, Disconnect Switches with Associated Ground Switches rated at 3000 A nominal,
- Two, 345 kV, Dead Tank Type SF6 Circuit Breakers rated at 3000 A nominal and 63 kA symmetrical fault current,
- Control/Relay House extension or modification, as required,
- 345 kV H-frames with Lightning Arrestors, as required,
- 345 kV Take-off Structures, as required,
- 345 kV Air Insulated Rigid Aluminum Bus, and
- Associated components and relay protection.

The Connecting Transmission Owner will own all the Physical System Upgrade Facilities at the 345kV Ramapo Substation

(b) Other System Upgrade Facilities - 345kV Sugarloaf Substation*:

- One, 345/138kV, 400 MVA Autotransformer
- One, 345 kV, Motor Operated Disconnect Switch, rated at 3000 A nominal,
- One, 345 kV, Dead Tank Type SF6 Circuit Breaker rated at 3000 A nominal and 63 kA symmetrical fault current,
- New Control/Relay House with associated Relays, Batteries, RTU equipment and associated equipment,
- 345 kV H-frames with Lightning Arrestors, as required,
- One, 345 kV CCVT,
- Three, 345 kV PTs,
- 345 kV Air Insulated Rigid Aluminum Bus as required,
- 138 kV Take-off Structures, as required,
- One, 138 kV Disconnect Switch, rated 3000 A nominal,
- One, 138 kV PT, and
- 138 kV Air Insulated Rigid Aluminum Bus as required.

* Developer will own all the Physical System Upgrade Facilities at the 345kV Sugarloaf Substation.

5. System Deliverability Upgrades:

There are no System Deliverability Upgrades that are covered by this Agreement.

Figure A-1 – Single Line Diagram has been deleted from the public version

.

APPENDIX B

MILESTONES

1. Selected Option Pursuant to Article 5.1

Under section 5.1 of this Agreement, Developer and Connecting Transmission Owner have agreed that pursuant to Subsection 5.1.1 (Standard Option), the Connecting Transmission Owner shall be responsible for designing, procuring and constructing the Attachment Facilities and the System Upgrade Facilities identified in Section 4(a) and Section 4(b) of Appendix A of this Agreement. Developer shall transfer to Connecting Transmission Owner, and Connecting Transmission Owner shall own the System Upgrades Facilities that will be located at the 345kV Ramapo Facility identified in Section 4(a) of Appendix A to this Agreement. Developer will physically own all System Upgrade Facilities and Attachment Facilities that will be located at the Sugarloaf Substation. Developer shall cooperate with Connecting Transmission Owner to insure that these transfers are done in a timely manner. Consistent with section 10.5 the Connecting Transmission Owner shall be responsible for the O&M expenses associated with the System Upgrade facilities listed in Appendix A, sections 4(a) and 4(b).

The following milestones shall apply to the engineering, procurement, construction, and testing for the interconnection of the Transmission Project:

Item	Milestone	Responsible Party	Due Date
(a)	Notice to Proceed from Developer to commence Engineering and Procurement	Developer	Completed
(b)	Completion of engineering packages for the CTOAF and SUFs	CTO	September 2015
(c)	Commence construction of the CTOAF and SUFs	CTO	Completed
(d)	Con Edison Preliminary Outage Schedule[1]	CTO	Completed
(e)	Complete Development of Pre-Energization Checklist Form including the Testing Operations Protocol	Developer and CTO	March 2016
(f)	Complete construction of the CTOAF and SUFs	Developer and CTO	June 2016
(g)	In-Service Date[2]	Developer	June 2016

[1] CTO shall procure and coordinate with Developer delivery of equipment that is required to complete the work necessary for each outage.

[2] Developer shall request and obtain written approval from NYISO and CTO prior to energizing the Transmission Project. If the facility is ready for energization, CTO shall grant such approval within ten (10) days of receiving the request.

(h)	Complete testing of Transmission Project, CTOAF and SUFs	Developer and CTO	June 2016
(i)	Commercial Operation Date	Developer	June 2016
(j)	Submit "as-built" drawings, information and vendor test documents for Transmission Project, CTOAF and SUFs to CTO	Developer	120 days after Commercial Operation

The actual dates for completion of the milestones are highly dependent upon lead times for the procurement of equipment and material, the availability of labor, outage scheduling, receipt of regulatory approvals, and the results of equipment testing. The completion and results of environmental remediation of the site, and other unforeseen events could also affect the achievement of the milestones. Connecting Transmission Owner and Developer are mutually undertaking the required engineering, procurement, or construction work to implement this reliability solution pursuant to this Agreement and as defined in Section 2 of this Agreement. The Connecting Transmission Owner accepts cost responsibility for all engineering, procurement, construction, and future Operations and Maintenance costs associated with the SUF's and CTOAF's at the 345kV Ramapo Facility associated with the Transmission Project.

Prior to the In-Service Date, Developer and Connecting Transmission Owner shall comply with NYISO procedures and request energization of the Transmission Project. If the Transmission Project is determined to be ready for energization by Connecting Transmission Owner, the Connecting Transmission Owner shall grant such approval within ten (10) days of receiving the request by Developer.

The following notes apply to all work performed on Connecting Transmission Owner's System Upgrade Facilities.

A. If permits are required for the work, the Connecting Transmission Owner will obtain the permits.
B. Transmission system emergencies take precedence over all other work and could significantly impact the schedule depending upon the duration of the emergency.
C. Connecting Transmission Owner schedules its resources months in advance, and its ability to reschedule manpower is limited by resource allocation to other Connecting Transmission Owner projects and tasks. Missing a schedule task or milestone date may result in some delay before Connecting Transmission Owner can reschedule its manpower to work on the assigned task.

APPENDIX C

INTERCONNECTION DETAILS

1. Description of Facilities

The Transmission Project will require the conversion of the existing 138 kV Transmission Line currently known as Line 28 which runs between the 138 kV Ramapo Facility and Developer's 138 kV Sugarloaf substation. The conversion will include the installation of a 345 kV to 138 kV step-down transformer near the Sugarloaf substation, the renaming of the Transmission Line from Line 28 to Feeder 76, and the reconnection of 345 kV Feeder 76 to a new Bay 1 at the 345 kV Ramapo Facility. This will be considered the first upgrade to effectuate the Transmission Project.

The second upgrade will require the installation of new 345 kV Sugarloaf substation in the vicinity of the existing 138 kV Sugarloaf substation. The new 345 kV Sugarloaf substation will be owned by Developer and consist of a step-down 345/138 kV transformer, associated new 345 kV switching equipment and ancillary facilities. The 345 kV connections to the transformer will be tapped off of 345 kV Feeder 76. The 138 kV side of the new 345/138 kV step-down transformer will be connected to the existing Line 28 position in 138 kV Sugarloaf substation. Both the 138kV Sugarloaf Facility and the 345kV Sugarloaf Facility are physically owned by the Developer.

At Sugarloaf 345 kV Facility, the Developer will install and wire equipment for controls, indications and protective relay schemes as required in accordance with the engineering package issued for the Transmissionis Project. The Connecting Transmission Owner shall be responsible for such costs.

. At Ramapo 138 kV Facility, the Developer will remove and replace relays as required in accordance with the engineering package issued for this project. the Developer will also install and wire equipment for control, indications and protective relay schemes as required in accordance with the engineering package issued for the Transmissionis Project. The Connecting Transmission Owner shall be responsible for such costs.

2. Developer Operating Requirements

(a) Developer shall comply with all provisions of NYISO tariffs and procedures, as amended from time to time, which apply to any aspect of the Transmission Project's operations. Tariff revisions and/or operating protocols with NYISO, the Connecting Transmission Owner, and Developer may need to be developed to coordinate the operational control of the facility.

(b) Each Party shall comply with the other Party's operating instructions and requirements, which requirements shall include the dedicated data circuits to be maintained by Developer in accordance with Article 8.1 of this Agreement. Operating instructions will be communicated by telephone, or such other means of communication as the Parties may agree upon.

3. System Protection and Other Control Requirements

The Connecting Transmission Owner shall provide, install and test relay protection systems associated with the control and protection of the transmission expansion to interface with those systems installed by Connecting Transmission Owner at the 345 kV Ramapo Facility.

APPENDIX D

SECURITY ARRANGEMENTS

Infrastructure security of New York State Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New York State Transmission System reliability and operational security. The Commission will expect the NYISO, all Transmission Owners, all Developers and all other Market Participants to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

APPENDIX E

COMMERCIAL OPERATION DATE

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003
Attn: Vice President, System and Transmission
Operations

Re: 345kV Ramapo Interconnection

Dear _____:

On **[Date]** Orange and Rockland Utilities, Inc**.** has completed Trial Operation. This letter confirms that O&R commenced Commercial Operation of the Transmission Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

Orange and Rockland Utilities, Inc.

390 West Route 59
Spring Valley, NY 10977

APPENDIX F

ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS

1. Notices:

(a) **Connecting Transmission Owner:**

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003
Attn: Vice President
System and Transmission Operations
Phone: (212) 460-1210
Fax: (212) 353-8831

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003
Attn: General Counsel
Phone: (212) 460-2432
Fax: (212) 674-7329

(b) Developer:

Orange and Rockland Utilities, Inc.

390 West Route 59
Spring Valley, NY 10977
Attn: Vice President, Operations
Phone: (845) 577-3697
Fax: (718) 923-7011

2. Billings and Payments:

(a) Connecting Transmission Owner:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003
Attn: Vice President,
System and Transmission Operations
Phone: (212) 460-1210
Fax: (212) 353-8831

(b) Developer:

Orange and Rockland Utilities, Inc.

390 West Route 59
Spring Valley, NY 10977
Attn: Vice President, Operations
Phone: (845) 577-3697
Fax: (718) 923-7011

EXHIBIT G

Short Environmental Assessment Form
Part 1 - Project Information

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information

Name of Action or Project:
Petition of Consolidated Edison Company of New York, Inc. and New York Transco LLC for Authorization Pursuant to Section 70 of the PSL

Project Location (describe, and attach a location map):
The Project location is described in Exhibit A to this Petition, entitled Asset Purchase Agreement

Brief Description of Proposed Action:
Con Edison is seeking authorization to sell and/or lease, as applicable, to Transco, certain transmission facilities, real property, easements and/or rights-of-way in connection with a segment of the Ramapo to Rock Tavern 345 kV transmission line. The transaction involves a change in legal title of the transmission line and has no environmental impacts. Future activities and operations of the transferee associated with the transmission line assets to be transferred have been fully evaluated and approved under Article VII of the Public Service Law in Case No. 13-T-0586. This EAF does not address the Staten Island Unbottling transaction described in the filing because it does not involve the transfer of any real or personal property.

Name of Applicant or Sponsor:	Telephone: 212-460-3188
Consolidated Edison Company of New York, Inc.	E-Mail: silberfeldl@coned.com

Address:
4 Irving Place

City/PO:	State:	Zip Code:
New York	NY	10003

	NO	YES
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.	☑	☐
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:	☑	☐

3.a. Total acreage of the site of the proposed action? N/A acres
b. Total acreage to be physically disturbed? N/A acres
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor? N/A acres

4. Check all land uses that occur on, adjoining and near the proposed action.
☐ Urban ☐ Rural (non-agriculture) ☐ Industrial ☐ Commercial ☐ Residential (suburban)
☐ Forest ☐ Agriculture ☐ Aquatic ☐ Other (specify): N/A
☐ Parkland

	NO	YES	N/A
5. Is the proposed action, a. A permitted use under the zoning regulations?	☐	☐	☑
b. Consistent with the adopted comprehensive plan?	☐	☐	☑

	NO	YES
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape? N/A	☐	☐
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: N/A	☐	☐
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	☑	☐
b. Are public transportation service(s) available at or near the site of the proposed action? N/A	☐	☐
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action? N/A	☐	☐
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: N/A	☐	☐
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water:	☑	☐
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: N/A	☑	☐
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	☐	☐
b. Is the proposed action located in an archeological sensitive area? N/A	☐	☐
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency? N/A	☐	☐
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: N/A	☐	☐

14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply:
☐ Shoreline ☐ Forest ☐ Agricultural/grasslands ☐ Early mid-successional
☐ Wetland ☐ Urban ☐ Suburban N/A

	NO	YES
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered? N/A	☐	☐
16. Is the project site located in the 100 year flood plain? N/A	☐	☐
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? ☐NO ☐YES	☑	☐
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: ☐NO ☐YES		

	NO	YES
18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____	☑	☐
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____	☑	☐
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____	☑	☐

I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE

Applicant/sponsor name: CONSOLIDATED EDISON CO. OF NY, INC Date: 1/6/16

Signature: _____, Director of Real Estate

PRINT FORM

EXHIBIT H

PROPOSED RULEMAKING
NO HEARING(S) SCHEDULED

Transfer from Consolidated Edison Company of New York, Inc. to New York Transco, LLC of Certain Assets Related to the Ramapo to Rock Tavern and Staten Island Unbottling Transmission Projects.

I.D. No. PSC-

PURSUANT TO THE PROVISIONS of the State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed action: The Public Service Commission is considering whether to approve or reject, in whole or in part, a Joint Petition of Consolidated Edison Company of New York, Inc. and New York Transco, LLC, and Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc., for Authorization Pursuant to Section 70 of the Public Service Law.

Statutory authority: Public Service Law, Section 70.

Subject: Joint Petition for the transfer of certain assets.

Purpose: To approve the lease and transfer of assets from Consolidated Edison Company of New York, Inc. to New York Transco, LLC and transfer of assets from Consolidated Edison Company of New York, Inc. to Orange and Rockland Utilities, Inc.

Substance of the proposed rule: A Joint Petition of Consolidated Edison Company of New York, Inc. and New York Transco, LLC for the transfer and/or lease of certain transmission facilities, real property, easements, and rights-of-way in connection with the Ramapo to Rock Tavern ("RRT") and Staten Island Unbottling ("SIU") transmission projects in New York State, and to authorize the sale of certain equipment to O&R in connection with these projects.

Text of proposed rule and any required statements and analyses may be obtained by filing a Document Request Form (F-96) located on our website http://www.dps.state.ny.us/f96dir.htm.
For questions, contact: Central Operations, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223-1350, (518) 474-2500.

Data views or arguments may be submitted to: Kathleen H. Burgess, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223-1350, (518) 474-6530.

Public Comment will be received until: 45 days after the publication of this notice.

Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement
Statements and analysis are not submitted with this notice because the proposed rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act.

EXHIBIT I

Requirements Under
16 NYCRR Parts 31 and 18

In accordance with Sections 31.1 and 18.1 of the Commission's regulations, the Petitioners states as follows:

Section 31.1(a) - - Financial Condition.

Attached to this Exhibit are the following financial statements of Consolidated Edison Company of New York, Inc.: income statement, balance sheet, and statement of capitalization for the fiscal year 2014. 16 NYCRR § 18.1(f), (p). NY Transco, LLC respectfully requests that the Commission waive the requirements of 16 NYCRR § 31.1(1), which requires detailed information concerning the financial condition of NY Transco, on the ground that such information is not applicable until the FERC approves NY Transco's rate settlement agreement and the company begins to generate operating revenues and expenses.

As required by section 18.1(g) of the Commission's regulations, Con Edison states that there are no mortgages upon the property to be transferred. In addition, there are no advances from affiliated interests or other indebtedness to affiliates. 16 NYCRR § 18.1(i).

Section 31.1 (b) - - General Description of the Property to be Transferred.

The property to be transferred is described in the Joint Petition, with a complete description of the Transaction Assets to be transferred set forth in the Asset Purchase Agreement between Con Edison and NY Transco (RRT Sale Agreement) (Exhibit A), the Lease Agreement between Con Edison and NY Transco (RRT Lease) (Exhibit B) and in the Asset Purchase Agreement between Con Edison and NY Transco (SIU Sale Agreement) (Exhibit C), which are attached to this Joint Petition.

Section 31.1 (c) - - List of Franchises, Consents and Rights to be Transferred.

Con Edison's franchised retail operations will not be transferred, merged or consolidated as part of the proposed transaction.

Section 31.1 (d) - - Local Approvals.

No local approvals are required as part of the proposed transaction.

Section 31.1 (e)- - A Copy of the Proposed Agreement to be Approved.

Copies of the Asset Purchase Agreement between Con Edison and NY Transco (RRT Sale Agreement) (Exhibit A), the Lease Agreement between Con Edison and NY Transco (RRT Lease) (Exhibit B) and in the Asset Purchase Agreement between Con Edison and NY Transco (SIU Sale Agreement) (Exhibit C) are attached to this Joint Petition.

Section 31.1 (f) and (g) - - Inventory of the Property to be Transferred

See Affidavit of Robert Muccilo.

Section 31.1 (h)- - Accumulated Depreciation Reserve of the Property to be Transferred.

Not Applicable.

Section 31.1 (i) - - Cost of the Property to be Transferred.

See Affidavit of Robert Muccilo, Attachment.

Section 31.1 (j)- - Depreciation Reserves of Property to be Transferred.

Not Applicable.

Section 31.1 (k)- - Statement of Contributions.

As discussed in this petition, the Miscellaneous Intangible Plant Assets (which will be recorded on the NY Transco's books in FERC Account 303 – Miscellaneous Intangible Plant), are in effect contributions in aid of construction.

Section 31.1 (l) - - Statement of Operating Revenues, Expenses and Taxes Relating to the Property to be Transferred.

Not applicable.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 1-14514

Consolidated Edison, Inc.

Exact name of registrant as specified in its charter
and principal office address and telephone number

New York	13-3965100
State of Incorporation	I.R.S. Employer ID. Number

4 Irving Place,
New York, New York 10003

(212) 460-4600

Commission File Number 1-1217

Consolidated Edison Company of New York, Inc.

Exact name of registrant as specified in its charter
and principal office address and telephone number

New York	13-5009340
State of Incorporation	I.R.S. Employer ID. Number

4 Irving Place,
New York, New York 10003

(212) 460-4600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Consolidated Edison, Inc.,	
Common Shares ($.10 par value)	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Report of Independent Registered Public Accounting Firm
To the Board of Trustees and Stockholder of Consolidated Edison Company of New York, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Consolidated Edison Company of New York, Inc. and its subsidiaries (the Company) at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 19, 2015

Consolidated Edison Company of New York, Inc.
Consolidated Statement of Comprehensive Income

(Millions of Dollars)	For the Years Ended December 31, 2014	2013	2012
NET INCOME	$ 1,058	$ 1,020	$ 1,017
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES			
Pension and other postretirement benefit plan liability adjustments, net of taxes	(5)	3	(1)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES	(5)	3	(1)
COMPREHENSIVE INCOME	$ 1,053	$ 1,023	$ 1,016

Consolidated Edison Company of New York, Inc.
Consolidated Balance Sheet

(Millions of Dollars)	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	$ 845	$ 633
Special deposits	2	86
Accounts receivable – customers, less allowance for uncollectible accounts of $90 and $87 in 2014 and 2013, respectively	1,064	1,123
Other receivables, less allowance for uncollectible accounts of $8 in 2014 and 2013	71	127
Accrued unbilled revenue	384	405
Accounts receivable from affiliated companies	132	119
Fuel oil, gas in storage, materials and supplies, at average cost	312	300
Prepayments	126	102
Regulatory assets	132	26
Deferred tax assets – current	94	100
Other current assets	158	65
TOTAL CURRENT ASSETS	3,120	3,076
INVESTMENTS	271	247
UTILITY PLANT AT ORIGINAL COST		
Electric	23,599	22,073
Gas	5,469	4,891
Steam	2,251	2,194
General	2,265	2,154
TOTAL	33,584	31,312
Less: Accumulated depreciation	6,970	6,469
Net	26,614	24,843
Construction work in progress	971	1,303
NET UTILITY PLANT	27,585	26,146
NON-UTILITY PROPERTY		
Non-utility property, less accumulated depreciation of $25 in 2014 and 2013	5	4
NET PLANT	27,590	26,150
OTHER NONCURRENT ASSETS		
Regulatory assets	8,481	6,639
Other deferred charges and noncurrent assets	175	146
TOTAL OTHER NONCURRENT ASSETS	8,656	6,785
TOTAL ASSETS	$ 39,637	$ 36,250

Consolidated Edison Company of New York, Inc.
Consolidated Statement of Shareholder's Equity

(Millions of Dollars/Except Share Data)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Repurchased Con Edison Stock	Capital Stock Expense	Accumulated Other Comprehensive Income/(Loss)	Total
BALANCE AS OF DECEMBER 31, 2011	235,488,094	$ 589	$ 4,234	$ 6,429	$ (962)	$ (64)	$ (8)	$10,218
Net income				1,017				1,017
Common stock dividend to parent				(682)				(682)
Cumulative preferred dividends				(3)				(3)
Preferred stock redemption						3		3
Other comprehensive loss							(1)	(1)
BALANCE AS OF DECEMBER 31, 2012	235,488,094	$ 589	$ 4,234	$ 6,761	$ (962)	$ (61)	$ (9)	$10,552
Net income				1,020				1,020
Common stock dividend to parent				(728)				(728)
Other comprehensive income							3	3
BALANCE AS OF DECEMBER 31, 2013	235,488,094	$ 589	$ 4,234	$ 7,053	$ (962)	$ (61)	$ (6)	$10,847
Net income				1,058				1,058
Common stock dividend to parent				(712)				(712)
Other comprehensive loss							(5)	(5)
BALANCE AS OF DECEMBER 31, 2014	235,488,094	$ 589	$ 4,234	$ 7,399	$ (962)	$ (61)	$ (11)	$11,188

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Consolidated Edison Company of New York, Inc.
Consolidated Statement of Capitalization

LONG-TERM DEBT (Millions of Dollars)			At December 31,	
Maturity	Interest Rate	Series	2014	2013
DEBENTURES				
2014	4.70%	2004A	$ -	$ 200
2014	5.55	2009A	-	275
2015	5.375	2005C	350	350
2016	5.50	2006C	400	400
2016	5.30	2006D	250	250
2018	5.85	2008A	600	600
2018	7.125	2008C	600	600
2019	6.65	2009B	475	475
2020	4.45	2010A	350	350
2024	3.30	2014B	250	-
2033	5.875	2003A	175	175
2033	5.10	2003C	200	200
2034	5.70	2004B	200	200
2035	5.30	2005A	350	350
2035	5.25	2005B	125	125
2036	5.85	2006A	400	400
2036	6.20	2006B	400	400
2038	5.70	2008E	250	250
2037	6.20	2007A	525	525
2038	6.75	2008B	600	600
2039	5.50	2009C	600	600
2040	5.70	2010B	350	350
2042	4.20	2012A	400	400
2043	3.95	2013A	700	700
2044	4.45	2014A	650	-
2054	4.625	2014C	750	-
TOTAL DEBENTURES			10,150	8,775
TAX-EXEMPT DEBT – Notes Issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds*				
2032	0.13%	2004B Series 1	127	127
2034	0.14	1999A	293	293
2035	0.14	2004B Series 2	20	20
2036	0.11	2001B	98	98
2036	0.03	2010A	225	225
2039	0.10	2004A	98	98
2039	0.04	2004C	99	99
2039	0.03	2005A	126	126
TOTAL TAX-EXEMPT DEBT			1,086	1,086
Unamortized debt discount			(22)	(20)
TOTAL			11,214	9,841
Less: Long-term debt due within one year			350	475
TOTAL LONG-TERM DEBT			10,864	9,366
TOTAL CAPITALIZATION			$ 22,052	$ 20,213

charged to expense over the estimated useful lives of the assets. Upon retirement, the original cost of property is charged to accumulated depreciation. See Note R.

Rates used for AFUDC include the cost of borrowed funds and a reasonable rate of return on the Utilities' own funds when so used, determined in accordance with regulations of the FERC or the state public utility regulatory authority having jurisdiction. The rate is compounded semiannually, and the amounts applicable to borrowed funds are treated as a reduction of interest charges, while the amounts applicable to the Utilities' own funds are credited to other income (deductions). The AFUDC rates for CECONY were 1.6 percent, 4.0 percent and 6.5 percent for 2014, 2013 and 2012, respectively. The AFUDC rates for O&R were 2.6 percent, 5.7 percent and 7.0 percent for 2014, 2013 and 2012, respectively.

The Utilities generally compute annual charges for depreciation using the straight-line method for financial statement purposes, with rates based on average service lives and net salvage factors. The average depreciation rates for CECONY were 3.1 percent, 3.2 percent and 3.1 percent for 2014, 2013 and 2012, respectively. The average depreciation rates for O&R were 2.9 percent, 2.8 percent and 2.9 percent for 2014, 2013 and 2012, respectively.

The estimated lives for utility plant for CECONY range from 5 to 85 years for electric and gas, 5 to 80 years for steam and 5 to 55 years for general plant. For O&R, the estimated lives for utility plant range from 5 to 75 years for electric and gas and 5 to 50 years for general plant.

At December 31, 2014 and 2013, the capitalized cost of the Companies' utility plant, net of accumulated depreciation, was as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2014	2013	2014	2013
Electric				
Generation	$ 451	$ 452	$ 451	$ 452
Transmission	2,956	2,776	2,744	2,597
Distribution	16,361	15,277	15,531	14,496
Gas*	5,006	4,469	4,630	4,013
Steam	1,795	1,790	1,795	1,790
General	1,650	1,565	1,498	1,433
Held for future use	76	73	65	62
Construction work in progress	1,031	1,393	871	1,303
Net Utility Plant	$ 29,326	$ 27,795	$ 27,585	$ 26,146

* Primarily for steam.

Under the Utilities' rate plans, the aggregate annual depreciation allowance in effect at December 31, 2014 was $1,048 million, including $993 million under CECONY's electric, gas and steam rate plans that have been approved by the New York State Public Service Commission (NYSPSC).

Non-Utility Plant
Non-utility plant is stated at original cost. For Con Edison, non-utility plant consists primarily of the competitive energy businesses' renewable electric production and gas storage. For the Utilities, non-utility plant consists of land and conduit for telecommunication use. Depreciation on these assets is computed using the straight-line method for financial statement purposes over their estimated useful lives, which range from 3 to 30 years.

Goodwill
Con Edison tests goodwill for impairment at least annually. Goodwill is tested for impairment using a two-step approach. The first step of the goodwill impairment test compares the estimated fair value of a reporting unit with its carrying value, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not impaired. If the carrying value exceeds the estimated fair value of the reporting unit, the second step is performed to measure the amount of impairment loss, if any. The second step requires a calculation of the implied fair value of goodwill. See Note K.

Impairments
Con Edison evaluates the impairment of long-lived assets, based on projections of undiscounted future cash flows, whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. In the event an evaluation indicates that such cash flows cannot be expected to be sufficient to fully recover the assets, the assets are written down to their estimated fair value. No impairment charges were recognized in 2014, 2013 or 2012.

Revenues
The Utilities and Con Edison Solutions recognize revenues for energy service on a monthly billing cycle basis. The Utilities defer over a 12-month period net interruptible gas revenues, other than those authorized by the NYSPSC to be retained by the Utilities, for refund to firm gas sales and transportation customers. The Utilities and Con Edison Solutions accrue revenues at the end of each month for estimated energy service not yet billed to customers.

CECONY's electric and gas rate plans and O&R's New York electric and gas rate plans each contain a revenue decoupling mechanism under which the company's actual energy delivery revenues are compared with the authorized delivery revenues

The Companies calculate the expected return on pension and other postretirement benefit plan assets by multiplying the expected rate of return on plan assets by the market-related value (MRV) of plan assets at the beginning of the year, taking into consideration anticipated contributions and benefit payments that are to be made during the year. The accounting rules allow the MRV of plan assets to be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. The Companies use a calculated value when determining the MRV of the plan assets that adjusts for 20 percent of the difference between fair value and expected MRV of plan assets. This calculated value has the effect of stabilizing variability in assets to which the Companies apply the expected return.

Federal Income Tax
In accordance with the accounting rules for income taxes, the Companies have recorded an accumulated deferred federal income tax liability for temporary differences between the book and tax basis of assets and liabilities at current tax rates. In accordance with rate plans, the Utilities have recovered amounts from customers for a portion of the tax liability they will pay in the future as a result of the reversal or "turn-around" of these temporary differences. As to the remaining tax liability, in accordance with the accounting rules for regulated operations, the Utilities have established regulatory assets for the net revenue requirements to be recovered from customers for the related future tax expense. See Notes B and L. In 1993, the NYSPSC issued a Policy Statement approving accounting procedures consistent with the accounting rules for income taxes and providing assurances that these future increases in taxes will be recoverable in rates. See Note L.

Accumulated deferred investment tax credits are amortized ratably over the lives of the related properties and applied as a reduction to future federal income tax expense.

Con Edison and its subsidiaries file a consolidated federal income tax return. The consolidated income tax liability is allocated to each member of the consolidated group using the separate return method. Each member pays or receives an amount based on its own taxable income or loss in accordance with tax sharing agreements among the members of the consolidated group. Tax loss carryforwards are allocated among members in accordance with consolidated tax return regulations.

State Income Tax
Con Edison and its subsidiaries file a combined New York State Corporation Business Franchise Tax Return. Similar to a federal consolidated income tax return, the income of all entities in the combined group is subject to New York State taxation, after adjustments for differences between federal and New York law and apportionment of income among the states in which the company does business. Each member's share of the New York State tax is based on its own New York State taxable income or loss.

Research and Development Costs
Generally research and development costs are charged to operating expenses as incurred. Research and development costs were as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	2012
Con Edison	$ 22	$ 18	$ 21
CECONY	20	16	19

Reclassification
Certain prior year amounts have been reclassified to conform with the current year presentation.

Earnings Per Common Share
Con Edison presents basic and diluted earnings per share on the face of its consolidated income statement. Basic earnings per share (EPS) are calculated by dividing earnings available to common shareholders ("Net income for common stock" on Con Edison's consolidated income statement) by the weighted average number of Con Edison common shares outstanding during the period. In the calculation of diluted EPS, weighted average shares outstanding are increased for additional shares that would be outstanding if potentially dilutive securities were converted to common stock.

Potentially dilutive securities for Con Edison consist of restricted stock units, deferred stock units and stock options for which the average market price of the common shares for the period was greater than the exercise price. See Note M.

Common provisions of the Utilities' rate plans include:

Recoverable energy costs that allow the Utilities to recover on a current basis the costs for the energy they supply with no mark-up to their full-service customers.

Cost reconciliations that reconcile pension and other postretirement benefit costs, environmental remediation costs, property taxes, variable rate tax-exempt debt and certain other costs to amounts reflected in delivery rates for such costs. Utilities generally retain the right to petition for recovery or accounting deferral of extraordinary and material cost increases for items such as major storm events and provision is sometimes made for the utility to retain a share of cost reductions, for example, property tax refunds.

Revenue decoupling mechanisms that reconcile actual energy delivery revenues to the authorized delivery revenues approved by the NYSPSC. The difference is accrued with interest for refund to, or recovery from customers, as applicable.

Earnings sharing that require the Utilities to defer for customer benefit a portion of earnings over specified rates of return on common equity. There is no symmetric mechanism for earnings below specified rates of return on common equity.

Negative revenue adjustments for failure to meet certain performance standards relating to service, reliability, safety and other matters.

Net utility plant reconciliations that require deferral as a regulatory liability of the revenue requirement impact of the amount, if any, by which actual average net utility plant balances are less than amounts reflected in rates.

Rate base is, in general, the sum of the Utilities' net plant and working capital less deferred taxes. For each rate plan, the NYSPSC uses a forecast of the average rate base for each year that new rates would be in effect ("rate year"). The New Jersey Board of Public Utilities (NJBPU) and the Pennsylvania Public Utility Commission (PAPUC) use the rate base balances that would exist at the beginning of the rate year.

Weighted average cost of capital is determined based on the authorized common equity ratio, return on common equity, cost of long-term debt and customer deposits reflected in each rate plan. For each rate plan, the revenues designed to provide the utility a return on invested capital for each rate year is determined by multiplying the Utilities' rate base by the utility's pre-tax weighted average cost of capital. The Utilities' actual return on common equity will reflect their actual operations for each rate year, and may be more or less than the authorized return on equity reflected in their rate plans (and if more, may be subject to earnings sharing).

The following tables contain a summary of the Utilities' rate plans:

CECONY – Electric

Effective period	April 2010 – December 2013	January 2014 – December 2016
Base rate changes(a)	Yr. 1 – $420 million Yr. 2 – $420 million Yr. 3 – $267 million(b)	Yr. 1 – $(76.2) million(c) Yr. 2 – $124.0 million(c)
Amortizations to income of net regulatory (assets) and liabilities	$(76.3) million over three years	$(37) million over two years, and $107 million annually for deferred major storm costs
Other revenue sources	Retention of $120 million of annual transmission congestion revenues from the sale of transmission rights ($90 million for the period April 1, 2013 to December 31, 2013).	Retention of $5 million of annual transmission congestion revenues.
Revenue decoupling mechanisms	In 2012 and 2013, the company deferred for customer benefit $59 million and $34 million of revenues, respectively.	In 2014, the company deferred for customer benefit $140 million of revenues.
Recoverable energy costs	Current rate recovery of purchased power and fuel costs.	Continuation of current rate recovery of purchased power and fuel costs(d)
Negative revenue adjustments	Potential penalties (up to $350 million annually) if certain performance targets are not met. In 2012 and 2013 the company did not record any negative revenue adjustments.	Potential penalties (up to $430 million annually) if certain performance targets are not met. In 2014, the company recorded a $5 million negative revenue adjustment.
Cost reconciliations(e)	In 2012 and 2013, the company deferred $146 million of net regulatory liabilities and $35 million of net regulatory assets, respectively.	In 2014, the company deferred $57 million of net regulatory liabilities.

Negative revenue adjustments	Potential penalties (up to $12.6 million annually) if certain gas customer service and system performance targets are not met. In 2012 and 2013, the company did not record any negative revenue adjustments.	Potential penalties (up to $33 million in 2014, $44 million in 2015, and $56 million in 2016) if certain gas performance targets are not met. In 2014, the company did not record any negative revenue adjustments.
Cost reconciliations(c)	In 2012 and 2013, the company deferred $9 million and $26 million of net regulatory assets, respectively.	In 2014, the company deferred $38 million of net regulatory liabilities.
Net utility plant reconciliations	Target levels reflected in rates were: Gas delivery Yr. 1 – $2,934 million; Yr. 2 – $3,148 million; Yr. 3 – $3,346 million For 2012 and 2013, $2.9 million and $9.5 million were deferred as a regulatory liability respectively.	Target levels reflected in rates were: Gas delivery Yr. 1 – $3,899 million; Yr. 2 – $4,258 million; Yr. 3 – $4,698 million Storm hardening: Yr. 1 – $3 million; Yr. 2 – $8 million; Yr. 3 – $30 million There were no deferrals recorded in 2014.
Average rate base	Yr. 1 – $3,027 million Yr. 2 – $3,245 million Yr. 3 – $3,434 million	Yr. 1 – $3,521 million Yr. 2 – $3,863 million Yr. 3 – $4,236 million
Weighted average cost of capital (after-tax)	7.46 percent	Yr. 1 – 7.10 percent Yr. 2 – 7.13 percent Yr. 3 – 7.21 percent
Authorized return on common equity	9.6 percent assuming the company achieved unspecified austerity measures of $4 million and $2 million in 2012 and 2013. Austerity measures were achieved.	9.3 percent
Earnings sharing	Actual earnings did not exceed the threshold of 10.35 percent in Yr. 1 and 10.15 percent in Yrs. 2 and 3.	Most earnings above an annual earnings threshold of 9.9 percent are to be applied to reduce regulatory assets for environmental remediation and other costs. In 2014, the company had no earnings above the threshold.
Cost of long-term debt	5.57 percent	Yr. 1 – 5.17 percent Yr. 2 – 5.23 percent Yr. 3 – 5.30 percent
Common equity ratio	48 percent	48 percent

(a) $42 million of annual revenues collected by gas customers is subject to potential refund. See Other Regulatory Matters below.
(c) The levels of these net changes being deferred each year as a $32 million regulatory asset at December 31, 2016.
(c) Deferrals for property taxes were limited to 50 percent (50 percent beginning 2011) of the difference between costs reflected in rates, subject to an annual maximum for the remaining life of the program of $10 million, and to 100 basis points return on common equity.

CECONY – Steam

Effective period	October 2010 – December 2013	January 2014 – December 2016
Base rate changes(a)	Yr. 1 – $49.5 million Yr. 2 – $49.5 million Yr. 3 – $17.8 million Yr. 3 – $31.7 million collected through a surcharge	Yr. 1 – $(22.4) million(b) Yr. 2 – $19.8 million(b) Yr. 3 – $20.3 million(b)
Amortizations to income of net regulatory (assets) and liabilities	$(20.1) million over three years	$37 million over three years
Recoverable energy costs	Current rate recovery of purchased power and fuel costs.	Continuation of current rate recovery of purchased power and fuel costs.
Negative revenue adjustments	Potential penalties (up to $1 million annually) if certain steam performance targets are not met. In 2012 and 2013, the company did not record any negative revenue adjustments.	Potential penalties (up to $1 million annually) if certain steam performance targets are not met. In 2014, the company did not record any negative revenue adjustments.
Cost reconciliations(c)	In 2012 and 2013, the company deferred $12 million and $17 million of net regulatory liabilities, respectively.	In 2014, the company deferred $42 million of net regulatory liabilities.
Net utility plant reconciliations	Target levels reflected in rates were: Production Yr. 1 – $415 million; Yr. 2 – $426 million; Yr. 3 – $433 million Distribution: Yr. 1 – $521 million; Yr. 2 – $534 million; Yr. 3 – $543 million The company reduced its regulatory liability by $0.2 million in 2012 and made no deferral in 2013.	Target levels reflected in rates were: Production Yr. 1 – $1,752 million; Yr. 2 – $1,732 million; Yr. 3 – $1,725 million Distribution: Yr. 1 – $0 million; Yr. 2 – $11 million; Yr. 3 – $25 million The company reduced its regulatory liability by $1.1 million in 2014.

equity ratio of 48 percent. The filing proposes continuation of the current provisions with respect to recovery from customers of the cost of purchased power, and the reconciliation of actual expenses allocable to the electric business to the amounts for such costs reflected in electric rates for storm costs, pension and other postretirement benefit costs, environmental remediation and property taxes.

O&R New York – Gas	
Effective period	November 2009 – December 2014
Base rate changes	Yr. 1 – $9 million Yr. 2 – $9 million Yr. 3 – $4.6 million Yr. 3 – $4.3 million collected through a surcharge
Amortization to income of net regulatory (assets) and liabilities	$(2) million over three years
Revenue decoupling mechanisms	In 2012, 2013 and 2014, the company deferred $4.7 million, $0.7 million and $(0.1) million of regulatory liabilities, respectively.
Recoverable energy costs	Current rate recovery of purchased gas costs.
Negative revenue adjustments	Potential penalties (up to $1.4 million annually) if certain operations and customer service requirements are not met. In 2012, 2013 and 2014, the company did not record any negative revenue adjustments.
Cost reconciliations	In 2012, 2013 and 2014, the company deferred $0.7 million, $8.3 million and $8.3 million as net regulatory assets, respectively.
Net utility plant reconciliations	The company deferred $0.7 million in 2012 as a regulatory asset and no deferrals were recorded for 2013 or 2014.
Average rate base	Yr. 1 – $290 million Yr. 2 – $296 million Yr. 3 – $309 million
Weighted average cost of capital (after-tax)	8.49 percent
Authorized return on common equity	10.4 percent
Earnings sharing	Earnings above an annual earnings threshold of 11.4 percent are to be applied to reduce regulatory assets. In 2012, 2013 and 2014, earnings did not exceed the earnings threshold.
Cost of long-term debt	6.81 percent
Common equity ratio	48 percent

On November 14, 2014, O&R filed a request with the NYSPSC for an increase in the rates it charges for gas service rendered in New York, effective November 1, 2015, of $40.7 million. The filing reflects a return on common equity of 9.75 percent and a common equity ratio of 48 percent. The filing proposes continuation of the current provisions with respect to recovery from customers of the cost of purchased gas, and the reconciliation of actual expenses allocable to the gas business to the amounts for such costs reflected in gas rates for pension and other postretirement benefit costs, environmental remediation and property taxes.

Rockland Electric Company (RECO)		
Effective period	May 2010 – July 2014	August 2014 – July 2015
Base rate changes	Yr. 1 – $9.8 million	Yr. 1 – $13.0 million
Amortization to income of net regulatory (assets) and liabilities	$(3.9) million over four years and $(4.9) million of deferred storm costs over five years	$0.4 million over three years and $(25.6) million of deferred storm costs over four years
Recoverable energy costs	Current rate recovery of purchased power costs.	Continuation of current rate recovery of purchased power costs.
Cost reconciliations	None	None
Average rate base	$148.8 million	$172.2 million
Weighted average cost of capital (after-tax)	8.21 percent	7.83 percent
Authorized return on common equity	10.3 percent	9.75 percent
Cost of long-term debt	6.16 percent	5.89 percent
Common equity ratio	50 percent	50 percent

directed the New York gas utilities to provide information in this proceeding about their compliance with the qualification and requalification requirements and related matters; their procedures for compliance with all gas safety regulations; and their annual chief executive officer certifications regarding these and other procedures. CECONY's qualification and requalification procedures had not included certain required testing to evaluate specimen fuses. In addition, CECONY and O&R had not timely requalified certain workers that had been qualified under their respective procedures to perform fusion to join plastic pipe. CECONY and O&R have requalified their workers who perform plastic pipe fusions. In October 2014, CECONY and O&R submitted for NYSPSC staff review their plans for testing plastic pipe fusions that were performed on their gas delivery systems, additional leakage surveying and reporting.

Unrecognized pension and other postretirement costs represents the net regulatory asset associated with the accounting rules for retirement benefits. See Note A.

Deferred storm costs represent response and restoration costs, other than capital expenditures, in connection with Superstorm Sandy and other major storms that were deferred by the Utilities. See "Other Regulatory Matters," above.

Net electric deferrals represents the remaining unamortized balance of certain regulatory assets and liabilities of CECONY that were combined effective April 1, 2010 and are being amortized to income over a ten-year period.

Revenue taxes represents the timing difference between taxes collected and paid by the Utilities to fund mass transportation.

Effective March 31, 2009, the NYSPSC authorized CECONY to accrue unbilled electric, gas and steam revenues. CECONY has deferred the net margin on the unbilled revenues for the future benefit of customers by recording a regulatory liability of $138 million and $133 million at December 31, 2014 and 2013, respectively, for the difference between the unbilled revenues and energy cost liabilities.

Note C – Capitalization

Common Stock

At December 31, 2014 and 2013, Con Edison owned all of the issued and outstanding shares of common stock of the Utilities and the competitive energy businesses. CECONY owns 21,976,200 shares of Con Edison stock, which it purchased prior to 2001 in connection with Con Edison's stock repurchase plan. CECONY presents in the financial statements the cost of the Con Edison stock it owns as a reduction of common shareholder's equity.

Capitalization of Con Edison

The outstanding capitalization for each of the Companies is shown on its Consolidated Statement of Capitalization, and for Con Edison includes the Utilities' outstanding debt.

Preferred Stock of CECONY

In May 2012, CECONY redeemed all of its outstanding shares of $5 Cumulative Preferred Stock and Cumulative Preferred Stock ($100 par value).

Dividends

In accordance with NYSPSC requirements, the dividends that the Utilities generally pay are limited to not more than 100 percent of their respective income available for dividends calculated on a two-year rolling average basis. Excluded from the calculation of "income available for dividends" are non-cash charges to income resulting from accounting changes or charges to income resulting from significant unanticipated events. The restriction also does not apply to dividends paid in order to transfer to Con Edison proceeds from major transactions, such as asset sales, or to dividends reducing each utility subsidiary's equity ratio to a level appropriate to its business risk.

Long-term Debt

Long-term debt maturing in the period 2015-2019 is as follows:

(Millions of Dollars)	Con Edison	CECONY
2015	$ 560	$ 350
2016	731	650
2017	6	-
2018	1,200	1,200
2019	540	475

The Utilities have issued $494 million of tax-exempt debt through the New York State Energy Research and Development Authority (NYSERDA) that currently bear interest at a rate determined weekly and is subject to tender by bondholders for purchase by the Utilities.

The carrying amounts and fair values of long-term debt at December 31, 2014 and 2013 are:

(Millions of Dollars)	2014		2013	
Long-Term Debt (including current portion)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Con Edison	$ 12,191	$ 13,998	$ 10,974	$ 12,082
CECONY	$ 11,214	$ 12,846	$ 9,841	$ 10,737

Fair values of long-term debt have been estimated primarily using available market information. For Con Edison, $13,362 million and $636 million of the fair value of long-term debt at December 31, 2014 are classified as Level 2 and Level 3, respectively. For CECONY, $12,210 million and $636 million of the fair value of long-term debt at December 31, 2014 are classified as Level 2 and Level 3, respectively (see Note P). The $636 million of long-term debt classified as Level 3 is CECONY's tax-exempt, auction-rate securities for which the market is highly illiquid and there is a lack of observable inputs.

At December 31, 2014 and 2013, long-term debt of Con Edison included $18 million and $22 million, respectively, of Transition Bonds issued in 2001 by O&R's New Jersey utility subsidiary through a special purpose entity.

Significant Debt Covenants

The significant debt covenants under the financing arrangements for the notes of Con Edison and the debentures of CECONY are obligations to pay principal and interest when due, covenants not

Net Periodic Benefit Cost
The components of the Companies' total periodic benefit costs for 2014, 2013 and 2012 were as follows:

	Con Edison			CECONY		
(Millions of Dollars)	2014	2013	2012	2014	2013	2012
Service cost – including administrative expenses	$ 227	$ 267	$ 237	$ 211	$ 249	$ 220
Interest cost on projected benefit obligation	572	537	547	536	503	513
Expected return on plan assets	(832)	(750)	(705)	(789)	(713)	(670)
Recognition of net actuarial loss	618	832	709	586	788	670
Recognition of prior service costs	4	5	8	2	4	6
NET PERIODIC BENEFIT COST	$ 589	$ 891	$ 796	$ 546	$ 831	$ 739
Amortization of regulatory asset*	2	2	2	2	2	2
TOTAL PERIODIC BENEFIT COST	$ 591	$ 893	$ 798	$ 548	$ 833	$ 741
Cost capitalized	(225)	(348)	(277)	(212)	(327)	(260)
Reconciliation to rate level	118	(84)	(8)	108	(87)	(12)
Cost charged to operating expenses	$ 484	$ 461	$ 513	$ 444	$ 419	$ 469

* Relates to an increase in CECONY's pension obligation of $44 million from a 1989 special retirement program.

Funded Status
The funded status at December 31, 2014, 2013 and 2012 was as follows:

	Con Edison			CECONY		
(Millions of Dollars)	2014	2013	2012	2014	2013	2012
CHANGE IN PROJECTED BENEFIT OBLIGATION						
Projected benefit obligation at beginning of year	$ 12,197	$ 13,406	$ 11,825	$ 11,429	$ 12,572	$ 11,072
Service cost – excluding administrative expenses	221	259	224	206	241	209
Interest cost on projected benefit obligation	572	537	547	536	503	513
Net actuarial (gain) loss	2,641	(1,469)	1,323	2,484	(1,388)	1,255
Plan amendments	6	-	-	-	-	-
Benefits paid	(556)	(536)	(513)	(518)	(499)	(477)
PROJECTED BENEFIT OBLIGATION AT END OF YEAR	$ 15,081	$ 12,197	$ 13,406	$ 14,137	$ 11,429	$ 12,572
CHANGE IN PLAN ASSETS						
Fair value of plan assets at beginning of year	$ 10,755	$ 9,135	$ 7,800	$ 10,197	$ 8,668	$ 7,406
Actual return on plan assets	752	1,310	1,094	715	1,241	1,040
Employer contributions	578	879	785	535	819	729
Benefits paid	(556)	(536)	(513)	(518)	(499)	(477)
Administrative expenses	(34)	(33)	(31)	(32)	(32)	(30)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	$ 11,495	$ 10,755	$ 9,135	$ 10,897	$ 10,197	$ 8,668
FUNDED STATUS	$ (3,586)	$ (1,442)	$ (4,271)	$ (3,240)	$ (1,232)	$ (3,904)
Unrecognized net loss	$ 4,688	$ 2,759	$ 5,394	$ 4,616	$ 2,647	$ 5,297
Unrecognized prior service costs	20	17	23	4	6	10
Accumulated benefit obligation	13,454	11,004	11,911	12,553	10,268	11,116

The increase in the pension plan's projected benefit obligation (due primarily to decreased discount rates and, as discussed below, the release of new mortality tables by the Society of Actuaries reflecting longer life expectancies) were the primary causes of the increased pension liability at Con Edison and CECONY of $2,144 million and $2,008 million, respectively, compared with December 31, 2013. For Con Edison, this increase in pension liability resulted in an increase to regulatory assets of $2,101 million for unrecognized net losses and unrecognized prior service costs associated with the Utilities consistent with the accounting rules for regulated operations, and a charge to OCI of $17 million (net of taxes) for the unrecognized net losses, and an immaterial change in OCI (net of taxes) for the unrecognized prior service costs associated with the competitive energy businesses and O&R's New Jersey and Pennsylvania utility subsidiaries.

Pursuant to resolutions adopted by Con Edison's Board of Directors, the Management Development and Compensation Committee of the Board of Directors (the Committee) has general oversight responsibility for Con Edison's pension and other employee benefit plans. The pension plan's named fiduciaries have been granted the authority to control and manage the operation and administration of the plans, including overall responsibility for the investment of assets in the trust and the power to appoint and terminate investment managers.

The investment objectives of the Con Edison pension plan are to maintain a level and form of assets adequate to meet benefit obligations to participants, to achieve the expected long-term total return on the trust assets within a prudent level of risk and maintain a level of volatility that is not expected to have a material impact on the Company's expected contribution and expense or the Company's ability to meet plan obligations. The assets of the plan have no significant concentration of risk in one country (other than the United States), industry or entity.

The strategic asset allocation is intended to meet the objectives of the pension plan by diversifying its funds across asset classes, investment styles and fund managers. An asset/liability study typically is conducted every few years to determine whether the current strategic asset allocation continues to represent the appropriate balance of expected risk and reward for the plan to meet expected liabilities. Each study considers the investment risk of the asset allocation and determines the optimal asset allocation for the plan. The target asset allocation for 2015 reflects the results of such a study conducted in 2011.

Individual fund managers operate under written guidelines provided by Con Edison, which cover such areas as investment objectives, performance measurement, permissible investments, investment restrictions, trading and execution, and communication and reporting requirements. Con Edison management regularly monitors, and the named fiduciaries review and report to the Committee regarding, asset class performance, total fund performance, and compliance with asset allocation guidelines. Management changes fund managers and rebalances the portfolio as appropriate. At the direction of the named fiduciaries, such changes are reported to the Committee.

Assets measured at fair value on a recurring basis are summarized below under a three-level hierarchy as defined by the accounting rules for fair value measurements (see Note P).

The fair values of the pension plan assets at December 31, 2014 by asset category are as follows:

(Millions of Dollars)	Level 1	Level 2	Level 3	Total
U.S. Equity(a)	$3,168	$ -	$ -	$ 3,168
International Equity(b)	2,841	361	-	3,202
Private Equity(c)	-	-	114	114
U.S. Government Issued Debt(d)	-	2,113	-	2,113
Corporate Bonds Debt(e)	-	1,351	-	1,351
Structured Assets Debt(f)	-	4	-	4
Other Fixed Income Debt(g)	-	208	-	208
Real Estate(h)	-	-	1,137	1,137
Cash and Cash Equivalents(i)	188	477	-	665
Futures(j)	192	37	-	229
Hedge Funds(k)	-	-	224	224
Total investments	$6,389	$4,551	$1,475	$12,415
Funds for retiree health benefits(l)	(184)	(131)	(43)	(358)
Investments (excluding funds for retiree health benefits)	$6,205	$4,420	$1,432	$12,057
Pending activities(m)				(562)
Total fair value of plan net assets				$11,495

(a) [illegible]
(b) [illegible]
(c) [illegible]
(d) U.S. [illegible]
(e) Corporate [illegible]
(f) [illegible]
(g) Other [illegible]
(h) Real Estate [illegible] property [illegible]
(i) [illegible]
(j) [illegible]
(k) [illegible]
(l) [illegible]
(m) [illegible]

The table below provides a reconciliation of the beginning and ending net balances for assets at December 31, 2013 classified as Level 3 in the fair value hierarchy.

(Millions of Dollars)	Beginning Balance as of January 1, 2013	Assets Still Held at Reporting Date – Unrealized Gains/(Losses)	Assets Sold During the Year – Realized Gains/(Losses)	Purchases Sales and Settlements	Transfer In/(Out) of Level 3	Ending Balance as of December 31, 2013
Real Estate	$ 833	$ 114	$ 1	$ 114	$ -	$ 1,062
Private Equity	20	5	-	42	-	67
Hedge Funds	-	6	-	200	-	206
Total Investments	$ 853	$ 125	$ 1	$ 356	$ -	$ 1,335
Funds for retiree health benefits	(31)	(3)	-	(8)	-	(42)
Investments (excluding funds for retiree health benefits)	$ 822	$ 122	$ 1	$ 348	$ -	$ 1,293

The Companies also offer a defined contribution savings plan that covers substantially all employees and made contributions to the plan as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	2012
Con Edison	$ 32	$ 30	$ 23
CECONY	27	26	21

Mortality Table Revision

The Companies adopted revised mortality tables effective December 31, 2014 in the measurement of its pension and other postretirement benefit plan obligations, accounting costs and required contribution amounts. The revised tables reflect the RP-2014 mortality tables published by the Society of Actuaries in October 2014, as adjusted based on the actual experience of the Companies. The new tables incorporate substantial life expectancy improvements relative to the last tables published in 2000 (RP-2000). As a result of the adoption, Con Edison recognized an increase in its pension benefit obligation of approximately $800 million as of December 31, 2014. The Companies, under their current New York rate plans, defer as a regulatory asset or liability, as the case may be, the differences between the actual level of expenses for pension and other postretirement benefits and amounts for those expenses reflected in rates.

Note F – Other Postretirement Benefits

The Utilities currently have contributory comprehensive hospital, medical and prescription drug programs for all retirees, their dependents and surviving spouses.

CECONY also has a contributory life insurance program for bargaining unit employees and provides basic life insurance benefits up to a specified maximum at no cost to retired management employees. O&R has a non-contributory life insurance program for retirees. Certain employees of Con Edison's competitive energy businesses are eligible to receive benefits under these programs.

Net Periodic Benefit Cost

The components of the Companies' net periodic postretirement benefit costs for 2014, 2013 and 2012 were as follows:

	Con Edison			CECONY		
(Millions of Dollars)	2014	2013	2012	2014	2013	2012
Service cost	$ 19	$ 23	$ 26	$ 16	$ 18	$ 21
Interest cost on accumulated other postretirement benefit obligation	60	54	73	52	46	63
Expected return on plan assets	(77)	(77)	(85)	(66)	(68)	(75)
Recognition of net actuarial loss	57	65	98	51	57	87
Recognition of prior service cost	(19)	(27)	(21)	(15)	(23)	(18)
Recognition of transition obligation	-	-	2	-	-	2
NET PERIODIC POSTRETIREMENT BENEFIT COST	$ 40	$ 38	$ 93	$ 35	$ 30	$ 80
Cost capitalized	(15)	(15)	(32)	(14)	(12)	(28)
Reconciliation to rate level	10	58	20	2	50	16
Cost charged to operating expenses	$ 35	$ 81	$ 81	$ 23	$ 68	$ 68

accumulated OCI and the regulatory asset into net periodic benefit cost over the next year for Con Edison. Included in these amounts are $29 million and $(14) million, respectively, for CECONY.

Assumptions
The actuarial assumptions were as follows:

	2014	2013	2012
Weighted-average assumptions used to determine benefit obligations at December 31:			
Discount Rate			
CECONY	3.75%	4.50%	3.75%
O&R	3.85%	4.75%	4.05%
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:			
Discount Rate			
CECONY	4.50%	3.75%	4.55%
O&R	4.75%	4.05%	4.55%
Expected Return on Plan Assets	7.75%	7.75%	8.50%

Refer to Note E for descriptions of the basis for determining the expected return on assets, investment policies and strategies and the assumed discount rate.

The health care cost trend rate used to determine net periodic benefit cost for the year ended December 31, 2014 was 5.50 percent, which is assumed to decrease gradually to 4.50 percent by 2018 and remain at that level thereafter. The health care cost trend rate used to determine benefit obligations as of December 31, 2014 was 5.25 percent, which is assumed to decrease gradually to 4.50 percent by 2018 and remain at that level thereafter.

A one-percentage point change in the assumed health care cost trend rate would have the following effects at December 31, 2015:

	Con Edison		CECONY	
	1-Percentage-Point			
(Millions of Dollars)	Increase	Decrease	Increase	Decrease
Effect on accumulated other postretirement benefit obligation	$ (21)	$ 40	$ (43)	$ 37
Effect on service cost and interest cost components for 2014	(2)	1	(4)	3

Expected Benefit Payments
Based on current assumptions, the Companies expect to make the following benefit payments over the next ten years, net of receipt of governmental subsidies:

(Millions of Dollars)	2015	2016	2017	2018	2019	2020-2024
BENEFIT PAYMENTS						
Con Edison	$ 99	$ 95	$ 94	$ 92	$ 89	$ 419
CECONY	89	85	84	82	79	364

Expected Contributions
Based on estimates as of December 31, 2014, Con Edison expects to make a contribution of $6 million, nearly all of which is for CECONY, to the other postretirement benefit plans in 2015.

Plan Assets
The asset allocations for CECONY's other postretirement benefit plans at the end of 2014, 2013 and 2012, and the target allocation for 2015 are as follows:

	Target Allocation Range	Plan Assets at December 31		
Asset Category	2015	2014	2013	2012
Equity Securities	57% - 73%	59%	61%	62%
Debt Securities	26% - 44%	41%	39%	38%
Total	100%	100%	100%	100%

Con Edison has established postretirement health and life insurance benefit plan trusts for the investment of assets to be used for the exclusive purpose of providing other postretirement benefits to participants and beneficiaries.

Refer to Note E for a discussion of Con Edison's investment policy for its benefit plans.

The table below provides a reconciliation of the beginning and ending net balances for assets at December 31, 2013 classified as Level 3 in the fair value hierarchy.

(Millions of Dollars)	Beginning Balance as of January 1, 2013	Assets Still Held at Reporting Date – Unrealized Gains/(Losses)	Assets Sold During the Year – Realized Gains/(Losses)	Purchases Sales and Settlements	Transfers In/(Out) of Level 3	Ending Balance as of December 31, 2013
Total Investments	$ -	$ -	$ -	$ -	$ -	$ -
Funds for retiree health benefits	31	3	-	8	-	42
Investments (including funds for retiree health benefits)	$ 31	$ 3	$ -	$ 8	$ -	$ 42

Mortality Table Revision

The Companies adopted revised mortality tables effective December 31, 2014 in the measurement of its pension and other postretirement benefit plan obligations, accounting costs, and required contribution amounts as discussed in Note E. As a result of the adoption, Con Edison recognized an increase of less than $10 million in its other postretirement benefits obligation as of December 31, 2014. The Companies, under their current New York rate plans, defer as a regulatory asset or liability, as the case may be, the differences between the actual level of expenses for pension and other postretirement benefits and amounts for those expenses reflected in rates.

Note G – Environmental Matters

Superfund Sites

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of the Utilities and their predecessors and are present at sites and in facilities and equipment they currently or previously owned, including sites at which gas was manufactured or stored.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes (Superfund) impose joint and several liability, regardless of fault, upon generators of hazardous substances for investigation and remediation costs (which include costs of demolition, removal, disposal, storage, replacement, containment, and monitoring) and natural resource damages. Liability under these laws can be material and may be imposed for contamination from past acts, even though such past acts may have been lawful at the time they occurred. The sites at which the Utilities have been asserted to have liability under these laws, including their manufactured gas plant sites and any neighboring areas to which contamination may have migrated, are referred to herein as "Superfund Sites."

For Superfund Sites where there are other potentially responsible parties and the Utilities are not managing the site investigation and remediation, the accrued liability represents an estimate of the amount the Utilities will need to pay to investigate and, where determinable, discharge their related obligations. For Superfund Sites (including the manufactured gas plant sites) for which one of the Utilities is managing the investigation and remediation, the accrued liability represents an estimate of the company's share of the undiscounted cost to investigate the sites and, for sites that have been investigated in whole or in part, the cost to remediate the sites, if remediation is necessary and if a reasonable estimate of such cost can be made. Remediation costs are estimated in light of the information available, applicable remediation standards and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at December 31, 2014 and 2013 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2014	2013	2014	2013
Accrued Liabilities				
Manufactured gas plant sites	$ 684	$ 665	$ 587	$ 562
Other Superfund Sites	80	84	79	82
Total	$ 764	$ 749	$ 666	$ 644
Regulatory assets	$ 925	$ 938	$ 820	$ 830

Most of the accrued Superfund Site liability relates to sites that have been investigated, in whole or in part. However, for some of the sites, the extent and associated cost of the required remediation has not yet been determined. As investigations progress and information pertaining to the required remediation becomes available, the Utilities expect that additional liability may be accrued, the amount of which is not presently determinable but may be material. Con Edison and CECONY estimate that in 2015 they will incur costs for remediation of approximately $39 million and $35 million, respectively. The Companies are unable to estimate the time period over which the remaining accrued liability will be incurred because, among other things, the required remediation has not been determined for some of the sites. Under their current rate plans, the Utilities are permitted to recover or defer as regulatory assets (for

pending against the company seeking generally unspecified damages and, in one case, punitive damages, for personal injury, property damage and business interruption. The company has notified its insurers of the incident and believes that the policies in force at the time of the incident will cover the company's costs, in excess of a required retention (the amount of which is not material), to satisfy any liability it may have for damages in connection with the incident. The company is unable to estimate the amount or range of its possible loss related to the incident. At December 31, 2014, the company had not accrued a liability for the incident.

Other Contingencies
See "Other Regulatory Matters" in Note B.

Guarantees
Con Edison and its subsidiaries enter into various agreements providing financial or performance assurance primarily to third parties on behalf of their subsidiaries. Maximum amounts guaranteed by Con Edison totaled $2,547 million and $1,331 million at December 31, 2014 and 2013, respectively.

A summary, by type and term, of Con Edison's total guarantees at December 31, 2014 is as follows:

Guarantee Type	0 – 3 years	4 – 10 years	> 10 years	Total
		(Millions of Dollars)		
NY Transco	$ 1,361	$ -	$ -	$ 1,361
Energy transactions	774	31	96	901
Renewable electric production projects	248	-	7	255
Other	30	-	-	30
Total	$ 2,413	$ 31	$ 103	$ 2,547

NY Transco – Con Edison has guaranteed payment by its subsidiary, Con Edison Transmission, of the contributions it agreed to make in New York Transco LLC (NY Transco). Con Edison Transmission acquired a 46 percent interest in NY Transco when it was formed in 2014. NY Transco's transmission projects are expected to be developed initially by CECONY and other New York transmission owners and then sold to NY Transco. The development and sale of the projects would be subject to authorizations from the NYSPSC, FERC and other federal, state and local agencies. Guarantee amount shown is for the maximum possible required amount of Con Edison Transmission's contributions, which assumed that all the NY Transco projects proposed when NY Transco was formed receive all required regulatory approvals and are completed at 175 percent of their estimated costs and that NY Transco does not use any debt financing for the projects. Guarantee term shown is assumed as the timing of the contributions is not known.

Energy Transactions – Con Edison guarantees payments on behalf of its competitive energy businesses in order to facilitate physical and financial transactions in gas, pipeline capacity, transportation, oil, electricity, renewable energy credits and energy services. To the extent that liabilities exist under the contracts subject to these guarantees, such liabilities are included in Con Edison's consolidated balance sheet.

Renewable Electric Production Projects – Con Edison and Con Edison Development guarantee payments associated with the investment in solar and wind energy facilities on behalf of their wholly-owned subsidiaries. In addition, Con Edison Development has entered into two guarantees ($63 million maximum and $31 million maximum, respectively) on behalf of entities (Copper Mountain Solar 2 and Copper Mountain Solar 3, respectively) in which it has a 50 percent interest (see Note Q) in connection with the construction of solar energy facilities. Con Edison Development also provided $3 million in guarantees to Travelers Insurance Company for indemnity agreements for surety bonds in connection with the construction and operation of solar energy facilities performed by its subsidiaries.

Other – Other guarantees primarily relate to guarantees provided by Con Edison to Travelers Insurance Company for indemnity agreements for surety bonds in connection with energy service projects performed by Con Edison Solutions ($25 million). In addition, Con Edison issued a guarantee to the Public Utility Commission of Texas covering obligations of Con Edison Solutions as a retail electric provider. Con Edison's estimate of the maximum potential obligation for this guarantee is $5 million as of December 31, 2014.

The future minimum lease commitments for the above assets are as follows:

(Millions of Dollars)	Con Edison	CECONY
2015	$ 1	$ 1
2016	1	1
2017	-	-
2018	-	-
2019	-	-
All years thereafter	-	-
Total	2	2
Less: amount representing interest	1	1
Present value of net minimum lease payment	$ 1	$ 1

Operating leases: The future minimum lease commitments under the Companies' non-cancelable operating lease agreements are as follows:

(Millions of Dollars)	Con Edison	CECONY
2015	$ 18	$ 14
2016	17	13
2017	18	12
2018	16	12
2019	14	10
All years thereafter	72	51
Total	$ 153	$ 112

Lease In/Lease Out Transactions
In each of 1997 and 1999, Con Edison Development entered into transactions in which it leased property and then immediately subleased the properties back to the lessor (termed "Lease In/Lease Out," or LILO transactions). The transactions respectively involved electric generating and gas distribution facilities in the Netherlands, with a total investment of $259 million. The transactions were financed with $93 million of equity and $166 million of non-recourse, long-term debt secured by the underlying assets. In accordance with the accounting rules for leases, Con Edison accounted for the two LILO transactions as leveraged leases. Accordingly, the company's investment in these leases, net of non-recourse debt, was carried as a single amount in Con Edison's consolidated balance sheet and income was recognized pursuant to a method that incorporated a level rate of return for those years when net investment in the lease was positive. At December 31, 2012, the company's net investment in the LILO transactions was $(76) million, comprised of a $228 million gross investment less $304 million of deferred tax liabilities. During 2013, as discussed below, the company terminated its LILO transactions and at December 31, 2013 no longer had an investment recorded for these leases in its consolidated balance sheet.

On audit of Con Edison's tax returns, the Internal Revenue Service (IRS) disallowed tax losses in connection with the 1997 LILO transactions. In October 2009, the United States Court of Federal Claims issued a decision in favor of the company which, among other things, concluded that the tax losses claimed by the company were allowable. In January 2013, the United States Court of Appeals for the Federal Circuit reversed the October 2009 federal court decision. In June 2013, Con Edison entered into a closing agreement with the IRS regarding the 1997 and 1999 LILO transactions.

As a result of the January 2013 Court of Appeals decision, in 2013, Con Edison recorded an after-tax charge of $150 million to reflect, as required by the accounting rules for leveraged lease transactions, the recalculation of the accounting effect of the LILO transactions based on the revised after-tax cash flows projected from the inception of the leveraged leases as well as the interest on the potential tax liability resulting from the disallowance of federal and state income tax losses for the LILO transactions. Also, in 2013, the LILO transactions were terminated, as a result of which the company realized a $55 million gain (after-tax). In 2014, adjustments were made to the interest accrued on the liability and the related taxes resulting in a decrease to net income of $1 million.

The effect on Con Edison's consolidated income statement for the twelve months ended as of December 31, 2014 and 2013 was as follows:

	For the Years Ended December 31,	
(Millions of Dollars)	2014	2013
Increase/(decrease) to non-utility operating revenues	$ -	$ (27)
(Increase) decrease to other interest expense	13	(131)
Income tax benefit/(expense)	(14)	63
Total increase/(decrease) in net income	$(1)	$(95)

The transactions did not impact earnings in 2012.

In January 2013, to defray interest charges, the company deposited $447 million with federal and state tax agencies relating primarily to the potential tax liability from the LILO transactions in past tax years and interest thereon. During 2013, $125 million of the deposit was returned from the IRS at the company's request. Also in 2013, the deposit balance was reduced by an additional $48 million, due to a $10 million refund from the IRS and the application of $38 million toward the settlement of tax and interest for prior tax years, primarily relating to tax liability from the LILO transactions. In the first quarter of

The tax effects of temporary differences, which gave rise to deferred tax assets and liabilities, are as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2014	2013	2014	2013
Deferred tax liabilities:				
Property basis differences	$ 7,510	$ 7,012	$ 6,938	$6,424
Unrecognized pension and other postretirement costs	1,980	1,109	1,872	1,060
Regulatory asset – future income tax	910	871	863	825
Environmental remediation costs	376	381	333	337
Deferred storm costs	129	179	91	136
Equity investments	168	21	-	-
Other regulatory assets	347	402	300	364
Unamortized investment tax credits	126	43	37	42
Total deferred tax liabilities and investment tax credits	11,534	10,018	10,434	3,188
Deferred tax assets:				
Accrued pension and other postretirement costs	1,306	459	1,155	364
Regulatory liabilities	615	604	574	569
Superfund and other environmental costs	306	301	264	256
Asset retirement obligations	77	58	75	58
Loss carryforwards	21	12	-	-
Loss carryforwards, valuation reserve	(11)	(12)	-	-
Other	272	253	203	209
Total deferred tax assets	2,586	1,674	2,271	1,456
Net deferred tax liabilities and investment tax credits	$ 8,948	$ 8,344	$ 8,163	$7,732
Deferred income taxes and investment tax credits – noncurrent	$ 8,076	$ 8,466	$ 8,257	$7,832
Deferred tax assets – current	(128)	(122)	(94)	(100)
Net deferred tax liabilities and investment tax credits	$ 8,948	$ 8,344	$ 8,163	$7,732

Reconciliation of the difference between income tax expense and the amount computed by applying the prevailing statutory income tax rate to income before income taxes is as follows:

	Con Edison			CECONY		
(% of Pre-tax income)	2014	2013	2012	2014	2013	2012
STATUTORY TAX RATE						
Federal	35%	35%	35%	35%	35%	35%
Changes in computed taxes resulting from:						
State income tax	5	4	4	5	5	4
Cost of removal	(5)	(5)	(4)	(5)	(5)	(4)
Manufacturing deduction	-	(1)	-	-	-	-
Other	(1)	(2)	(1)	(1)	(1)	(1)
Effective tax rate	34%	31%	34%	34%	34%	34%

Con Edison has a net operating loss carryforward available from the years 1999 through 2014 for which a deferred tax asset of $21 million has been recognized and will not expire until the years 2019 through 2034. An $11 million valuation allowance for New York City income tax purpose has been provided; as it is not more likely than not that the deferred tax asset will be realized.

In September 2013, the IRS issued final regulations, effective in 2014, that provide guidance on the appropriate tax treatment of costs incurred to acquire, produce or improve tangible property, as well as routine maintenance and repair costs. Proposed regulations were issued addressing the tax treatment of asset dispositions. The application of these regulations did not have a material impact on the Companies' financial position, results of operations or liquidity.

In March 2014, tax legislation was enacted in the State of New York that reduced the corporate franchise tax rate from 7.1 percent to 6.5 percent, beginning January 1, 2016. The

Long Term Incentive Plan, which was approved by Con Edison's shareholders in 2003 (2003 LTIP), and the Long Term Incentive Plan, which was approved by Con Edison's shareholders in 2013 (2013 LTIP), are collectively referred to herein as the LTIP. The LTIP provides for, among other things, awards to employees of restricted stock units and stock options and, to Con Edison's non-employee directors, stock units. Existing awards under the 2003 LTIP continue in effect, however no new awards may be issued under the 2003 LTIP. The 2013 LTIP provides for awards for up to five million shares of common stock.

Shares of Con Edison common stock used to satisfy the Companies' obligations with respect to stock-based compensation may be new (authorized, but unissued) shares, treasury shares or shares purchased in the open market. The Companies intend to use treasury shares and new shares to fulfill their stock-based compensation obligations for 2015.

Under the accounting rules for stock compensation, the Companies have recognized the cost of stock-based compensation as an expense using a fair value measurement method. The following table summarizes stock-based compensation expense recognized by the Companies in the years ended December 31, 2014, 2013 and 2012:

	Con Edison			CECONY		
(Millions of Dollars)	2014	2013	2012	2014	2013	2012
Performance-based restricted stock	$ 22	$ 20	$ 14	$ 19	$ 18	$ 13
Time-based restricted stock	2	2	1	2	2	1
Non-employee director deferred stock compensation	2	2	1	2	2	1
Stock purchase plan	3	3	3	3	3	3
Total	$ 29	$ 27	$ 19	$ 26	$ 25	$ 18
Income tax benefit	$ 12	$ 11	$ 8	$ 10	$ 10	$ 7

Stock Options

The Companies last granted stock options in 2008. The stock options generally vested over a three-year period and have a term of 10 years. Options were granted at an exercise price equal to the fair market value of a common share when the option was granted. The Companies generally recognized compensation expense (based on the fair value of stock option awards) over the vesting period.

The outstanding options are "equity awards" because shares of Con Edison common stock are delivered upon exercise of the options. As equity awards, the fair value of the options is measured at the grant date.

A summary of changes in the status of stock options as of December 31, 2014 is as follows:

	Con Edison		CECONY	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at 12/31/13	481,310	$ 43.38	381,010	$ 43.34
Exercised	(251,460)	43.75	(189,660)	43.68
Forfeited	-		-	
Outstanding at 12/31/14	229,850	$ 42.99	191,350	$ 43.00

Note: The weighted average remaining contractual life is one year for all outstanding options as of 12/31/14.

The following table summarizes information about stock options for the years ended December 31, 2014 and 2013:

	Con Edison		CECONY	
(Millions of Dollars)	2014	2013	2014	2013
Aggregate intrinsic value*				
Options outstanding	$ 5	$ 6	$ 4	$ 5
Options exercised	4	2	3	2
Cash received by Con Edison for payment of exercise price	11	5	8	4

* Aggregate intrinsic value represents the changes in the fair value of all outstanding options from their grant dates to December 31 of the years presented above.

in net income. A summary of changes in the status of time-based awards during the year ended December 31, 2014 is as follows:

	Con Edison		CECONY	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Non-vested at 12/31/13	66,580	$ 56.92	63,030	$ 56.93
Granted	22,990	53.65	21,790	53.65
Vested	(20,900)	50.74	(19,800)	50.75
Forfeited	(3,247)	58.06	(2,847)	58.27
Non-vested at 12/31/14	65,423	$ 57.65	62,173	$ 57.64

The total expense to be recognized by Con Edison in future periods for unvested time-based awards outstanding as of December 31, 2014 for Con Edison was $2 million, including $2 million for CECONY, and is expected to be recognized over a weighted average period of one year.

Under the LTIP, each non-employee director receives stock units, which are deferred until the director's separation from service or another date specified by the director. Each director may also elect to defer all or a portion of their cash compensation into additional stock units, which are deferred until the director's termination of service or another date specified by the director. Non-employee directors' stock units issued under the LTIP are considered "equity awards," because they may only be settled in shares. Directors immediately vest in units issued to them. The fair value of the units is determined using the closing price of Con Edison's common stock on the business day immediately preceding the date of issue. In the year ended December 31, 2014, approximately 37,972 units were issued at a weighted average grant date price of $55.61.

Stock Purchase Plan
The Stock Purchase Plan, which was approved by shareholders in 2004 and 2014, provides for the Companies to contribute up to $1 for each $9 invested by their directors, officers or employees to purchase Con Edison common stock under the plan. Eligible participants may invest up to $25,000 during any calendar year (subject to an additional limitation for officers and employees of not more than 20 percent of their pay). Dividends paid on shares held under the plan are reinvested in additional shares unless otherwise directed by the participant.

Participants in the plan immediately vest in shares purchased by them under the plan. The fair value of the shares of Con Edison common stock purchased under the plan was calculated using the average of the high and low composite sale prices at which shares were traded at the New York Stock Exchange on the trading day immediately preceding such purchase dates. During 2014, 2013 and 2012, 708,276, 864,281 and 665,718 shares were purchased under the Stock Purchase Plan at a weighted average price of $56.23, $57.24 and $59.72 per share, respectively.

Note N – Financial Information by Business Segment
The business segments of each of the Companies, which are its operating segments, were determined based on management's reporting and decision-making requirements in accordance with the accounting rules for segment reporting.

Con Edison's principal business segments are CECONY's regulated utility activities, O&R's regulated utility activities and Con Edison's competitive energy businesses. CECONY's principal business segments are its regulated electric, gas and steam utility activities.

All revenues of these business segments are from customers located in the United States of America. Also, all assets of the business segments are located in the United States of America. The accounting policies of the segments are the same as those described in Note A.

Common services shared by the business segments are assigned directly or allocated based on various cost factors, depending on the nature of the service provided.

Note O – Derivative Instruments and Hedging Activities

Con Edison's subsidiaries hedge market price fluctuations associated with physical purchases and sales of electricity, natural gas and steam by using derivative instruments including futures, forwards, basis swaps, options, transmission congestion contracts and financial transmission rights contracts. Derivatives are recognized on the balance sheet at fair value (See Note P), unless an exception is available under the accounting rules for derivatives and hedging. Qualifying derivative contracts that have been designated as normal purchases or normal sales contracts are not reported at fair value under the accounting rules.

The fair values of the Companies' commodity derivatives including the offsetting of assets and liabilities on the consolidated balance sheet at December 31, 2014 and 2013 were:

(Millions of Dollars)		2014			2013	
Balance Sheet Location	Gross Amounts of Recognized Assets/ (Liabilities)	Gross Amounts Offset	Net Amounts of Assets/ (Liabilities) (a)	Gross Amounts of Recognized Assets/ (Liabilities)	Gross Amounts Offset	Net Amounts of Assets/ (Liabilities) (a)
Con Edison						
Fair value of derivative assets						
Current	$ 111	$ (67)	$ 44(b)	$ 134	$ (77)	$ 57(b)
Non-current	34	(23)	11	32	(24)	8
Total fair value of derivative assets	$ 145	$ (90)	$ 55	$ 166	$ (101)	$ 65
Fair value of derivative liabilities						
Current	$ (242)	$ 139	$ (103)	$ (82)	$ 72	$ (10)
Non-current	(66)	91	25	(31)	26	(5)
Total fair value of derivative liabilities	$ (308)	$ 230	$ (78)	$ (113)	$ 98	$ (15)
Net fair value derivative assets/(liabilities)	$ (163)	$ 140	$ (23)(b)	$ 53	$ (3)	$ 50(b)
CECONY						
Fair value of derivative assets						
Current	$ 26	$ (15)	$ 11(b)	$ 27	$ (19)	$ 8(b)
Non-current	22	(20)	2	14	(13)	1
Total fair value of derivative assets	$ 48	$ (35)	$ 13	$ 41	$ (32)	$ 9
Fair value of derivative liabilities						
Current	$ (96)	$ 48	$ (48)	$ (32)	$ 21	$ (11)
Non-current liabilities	(42)	32	(10)	(19)	16	(3)
Total fair value of derivative liabilities	$ (138)	$ 80	$ (58)	$ (51)	$ 37	$ (14)
Net fair value derivative assets/(liabilities)	$ (90)	$ 45	$ (45)(b)	$ (10)	$ 5	$ (5)(b)

(a) [illegible]

(b) [illegible]

The Utilities generally recover their prudently incurred fuel, purchased power and gas costs, including hedging gains and losses, in accordance with rate provisions approved by the applicable state utility regulators. See "Recoverable Energy Costs" in Note A. In accordance with the accounting rules for regulated operations, the Utilities record a regulatory asset or liability to defer recognition of unrealized gains and losses on their electric and gas derivatives. As gains and losses are realized in future periods, they will be recognized as purchased power, gas and fuel costs in the Companies' consolidated income statements. Con Edison's competitive energy businesses record realized and unrealized gains and losses on their derivative contracts in purchased power, gas purchased for resale and non-utility revenue in the reporting period in which they occur. Management believes that these derivative instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices.

The following table presents the aggregate fair value of the Companies' derivative instruments with credit-risk-related contingent features that are in a net liability position, the collateral posted for such positions and the additional collateral that would have been required to be posted had the lowest applicable credit rating been reduced one level and to below investment grade at December 31, 2014:

(Millions of Dollars)	Con Edison(a)	CECONY(a)
Aggregate fair value – net liabilities	$ 78	$ 50
Collateral posted	$ 1	$ -
Additional collateral(b) (downgrade one level from current ratings)	$ 6	$ 2
Additional collateral(b) (downgrade to below investment grade from current ratings)	$ 105(c)	$ 63(c)

[illegible] for the purchase and sale of energy, capacity and ancillary services in the wholesale markets administered by the New York Independent System Operator, Inc. (NYISO) and PJM Interconnection, LLC (PJM). These agreements may require the posting of collateral or other security when the Companies' net unsecured exposure to a counterparty exceeds an established credit limit. The Companies' credit limits are set by the Companies' management based on an evaluation of the counterparty's financial strength, credit ratings and other credit criteria as deemed appropriate. At December 31, 2014, the Companies had no amounts of cash collateral held by the Companies for OTC derivatives. For a discussion of the Companies' master netting agreements with counterparties, see Note E to the financial statements.

The Companies' policy is to offset fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement and fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments executed with that same counterparty. The fair value amounts recognized for derivative instruments executed with the Companies' counterparties under master netting agreements are offset to the extent sufficient to eliminate the net liability position, as applicable. The fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral are offset against the fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting agreements.

(a) Con Edison's and CECONY's derivative instruments are not subject to master netting agreements that permit the offsetting of derivative assets and liabilities. Accordingly, the amounts presented in this table are equal to the amounts recognized in the balance sheet for derivative instruments with credit-risk-related contingent features.

(b) Collateral posted includes the fair value of cash and letters of credit posted as collateral.

(c) Includes $1 million and $0 million at Con Edison and CECONY, respectively, related to derivative instruments that are not subject to master netting agreements.

Note P – Fair Value Measurements

The accounting rules for fair value measurements and disclosures define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Companies often make certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The Companies use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The accounting rules for fair value measurements and disclosures established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The rules require that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Companies classify fair value balances based on the fair value hierarchy defined by the accounting rules for fair value measurements and disclosures as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date. The industry standard models consider observable assumptions including time value, volatility factors, and current market and contractual prices for the underlying commodities, in addition to other economic measures. This category includes contracts traded on active exchanges or in over-the-counter markets priced with industry standard models.

- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost-benefit constraints. This category includes contracts priced using models that are internally developed and contracts placed in illiquid markets. It also includes contracts that expire after the period of time for which quoted prices are available and internal models are used to determine a significant portion of the value.

independent sources of information are obtained for forward price curves used to value commodity derivatives. Fair value and changes in fair value of commodity derivatives are reported on a monthly basis to the Companies' risk committees, comprised of officers and employees of the Companies that oversee energy hedging at the Utilities and the competitive energy businesses. The risk management group reports to the Companies' Vice President and Treasurer.

	Fair Value of Level 3 at December 31, 2014 (Millions of Dollars)	Valuation Techniques	Unobservable Inputs	Range
Con Edison – Commodity				
Electricity	$ 1	Discounted Cash Flow	Forward energy prices(a)	$22.50 - $119.75 per MWH
		Discounted Cash Flow	Forward capacity prices(a)	$1.00 - $8.80 per kW - month
Natural Gas	2	Discounted Cash Flow	Forward gas prices(a)	$(1.64) - $5.07 per Dt
Transmission Congestion Contracts / Financial Transmission Rights	17	Discounted Cash Flow	Discount to adjust auction prices for inter-zonal forward price curves(b)	9.6% - 57.9%
			Discount to adjust auction prices for historical monthly realized settlements(b)	32.3% - 56.1%
			Inter-zonal forward price curves adjusted for historical zonal losses(b)	$2.10 - $16.47
Total Con Edison – Commodity	$ 20			
CECONY – Commodity				
Transmission Congestion Contracts	$ 13	Discounted Cash Flow	Discount to adjust auction prices for inter-zonal forward price curves(b)	9.6% - 57.9%
			Discount to adjust auction prices for historical monthly realized settlements(b)	32.3% - 56.1%

(a) Generally, increases (decreases) in the input would result in a higher (lower) fair value measurement.
(b) Generally, increases (decreases) in the input would result in a lower (higher) fair value measurement.

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value for the years ended December 31, 2014 and 2013 and classified as Level 3 in the fair value hierarchy:

	Con Edison		CECONY	
(Millions of Dollars)	2014	2013	2014	2013
Beginning Balance as of January 1	$ 9	$ (5)	$ 6	$ 10
Included in Earnings	30	7	2	7
Included in Regulatory Assets and Liabilities	7	18	7	(1)
Purchases	22	17	16	13
Settlements	(48)	(28)	(18)	(23)
Ending Balance as of December 31,	$ 20	$ 9	$ 13	$ 6

For the Utilities, realized gains and losses on Level 3 commodity derivative assets and liabilities are reported as part of purchased power, gas and fuel costs. The Utilities generally recover these costs in accordance with rate provisions approved by the applicable state public utilities regulators. See Note A. Unrealized gains and losses for commodity derivatives are generally deferred on the consolidated balance sheet in accordance with the accounting rules for regulated operations.

For the competitive energy businesses, realized and unrealized gains and losses on Level 3 commodity derivative assets and liabilities are reported in non-utility revenues (immaterial and $2 million loss) and purchased power costs ($27 million gain and $5 million gain) on the consolidated income statement for the years ended December 31, 2014 and 2013, respectively. The change in fair value relating to Level 3 commodity derivative assets and liabilities held at December 31, 2014 and 2013 is included in non-utility revenues (immaterial and $2 million loss) and purchased power costs ($2 million gain and $3 million gain) on the consolidated income statement for the years ended December 31, 2014 and 2013, respectively.

Note Q – Variable Interest Entities

The accounting rules for consolidation address the consolidation of a variable interest entity (VIE) by a business enterprise that is the primary beneficiary. A VIE is an entity that does not have a

Notes to the Financial Statements — Continued

Con Edison has a variable interest in Broken Bow II Wind Holdings, LLC (Broken Bow II), which is a non-consolidated entity in which Con Edison Development purchased a 50 percent membership interest in 2014. Broken Bow II owns a project company that developed a 75 MW (AC) wind electric production project in Nebraska. Electricity generated by the project is sold to Nebraska Public Power District pursuant to a long-term power purchase agreement.

The following table summarizes the VIEs in which Con Edison Development has entered into as of December 31, 2014:

Project Name(a)	Generating Capacity Owned	Power Purchase Agreement Term in Years	Year of Initial Investment	Location	Maximum Exposure to Loss (In Millions)(c)
Pilesgrove	9	n/a(b)	2010	New Jersey	$ 26
Mesquite Solar 1	83	20	2013	Arizona	111
Copper Mountain Solar 2	75	25	2013	Nevada	90
Copper Mountain Solar 3	128	20	2014	Nevada	175
California Solar	55	25	2012	California	81
Texas Solar 4	32	25	2014	Texas	58
Broken Bow II	37	25	2014	Nebraska	57

(a) With the exception of Texas Solar 4, Con Edison Development owns a interest of 50 percent or less in each project, and its investment in the accounts of Con Edison. Con Edison Development may be entitled to receive its pro rata share of syndicate, project earnings or losses, depending on the terms of the underlying equity agreements. Con Edison Development owns a interest in Texas Solar 4. Pursuant to the terms of the agreement, Con Edison Development is entitled to receive a majority of the cash distributions from Texas Solar 4 and Con Edison Development has a majority of the voting rights.

(b) Power from the 3.6 MW Pilesgrove and Penny Creek (1.6 MW) projects is sold at market prices.

(c) For investments accounted for under the equity method, represents Con Edison Development's maximum exposure to loss as of the most recent balance sheet date. Con Edison Development may be required to make payments for losses in the year that they are incurred or contractually related.

Note R – Asset Retirement Obligations

The Companies recognize a liability at fair value for legal obligations associated with the retirement of long-lived assets in the period in which they are incurred, or when sufficient information becomes available to reasonably estimate the fair value of such legal obligations. When the liability is initially recorded, asset retirement costs are capitalized by increasing the carrying amount of the related asset. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. The fair value of the asset retirement obligation liability is measured using expected future cash flows discounted at credit-adjusted risk-free rates, historical information, and where available, quoted prices from outside contractors. The Companies evaluate these assumptions underlying the asset retirement obligation liability on an annual basis or as frequently as needed.

The Companies recorded asset retirement obligations associated with the removal of asbestos and asbestos-containing material in their buildings (other than the structures enclosing generating stations and substations), electric equipment and steam and gas distribution systems. The Companies also recorded asset retirement obligations relating to gas pipelines abandoned in place.

The Companies did not record an asset retirement obligation for the removal of asbestos associated with the structures enclosing generating stations and substations. For these building structures, the Companies were unable to reasonably estimate their asset retirement obligations because the Companies were unable to estimate the undiscounted retirement costs or the retirement dates and settlement dates. The amount of the undiscounted retirement costs could vary considerably depending on the disposition method for the building structures, and the method has not been determined. The Companies anticipate continuing to use these building structures in their businesses for an indefinite period, and so the retirement dates and settlement dates are not determinable.

Con Edison recorded asset retirement obligations for the removal of its competitive energy businesses' solar and wind equipment related to projects located on property that is not owned by them and the term of the arrangement is finite including any renewal options. Con Edison did not record asset retirement obligations for its competitive energy businesses' projects that are located on property that is owned by them because they expect that the equipment will continue to generate electricity at these facilities long past the manufacturer's warranty at minimal operating expense. Therefore Con Edison was unable to reasonably estimate the retirement date of this equipment. The Utilities include in depreciation rates the estimated removal costs, less salvage, for utility plant assets. The amounts related to removal costs that are associated with asset retirement obligations are

not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized only when it becomes probable that the performance target will be achieved. The amendments are effective for periods beginning after December 15, 2015. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

In August 2014, the FASB issued amendments on reporting about an entity's ability to continue as a going concern in ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205 - 40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments provide guidance about management's responsibility to evaluate whether there is substantial doubt surrounding an entity's ability to continue as a going concern. If management concludes that substantial doubt exists, the amendments also require additional disclosures relating to management's evaluation and conclusion. The amendments are effective for the annual reporting period ending after December 15, 2016 and interim periods thereafter. The application of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity.

In November 2014, the FASB issued amendments on pushdown accounting for subsidiaries and acquired entities in ASU No. 2014-17, "Business Combinations (Topic 805): Pushdown Accounting." The amendments provide guidance as to whether and at what threshold an acquired entity can apply pushdown accounting in its separate financial statements. The amendments are effective as of the date of issuance. The application of this guidance does not have a material impact on the Companies' financial position, results of operations and liquidity.

Condensed Financial Information of Consolidated Edison, Inc.*
Condensed Statement of Cash Flows
(Parent Company Only)

(Millions of Dollars)	For the Years Ended December 31, 2014	2013	2012
Net Income	$ 1,092	$ 1,062	$ 1,138
Equity in earnings of subsidiaries	(1,101)	(1,062)	(1,154)
Dividends received from:			
CECONY	712	728	682
O&R	40	38	34
Competitive energy businesses	8	12	11
Change in Assets:			
Special deposits	314	(264)	–
Income taxes receivable	(224)	–	–
Other – net	(199)	166	(208)
Net Cash Flows from Operating Activities	642	680	603
Investing Activities			
Contributions to subsidiaries	(1)	–	(100)
Net Cash Flows Used in Investing Activities	(1)	–	(100)
Financing Activities			
Net proceeds of short-term debt	101	58	115
Retirement of long-term debt	(2)	(1)	(1)
Issuance of common shares for stock plans, net of repurchases	(10)	(8)	(9)
Common stock dividends	(739)	(721)	(709)
Net Cash Flows Used in Financing Activities	(650)	(672)	(604)
Net Change for the Period	(9)	8	(201)
Balance at Beginning of Period	12	4	205
Balance at End of Period	$ 3	$ 12	$ 4

* [illegible]