

April 9, 2012

VIA ELECTRONIC MAIL

Honorable Jaclyn Brilling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RE: Niagara Mohawk Power Corporation d/b/a National Grid – Filing Regarding the Transfer of Certain Real Property in the Town of Cheektowaga with an Original Cost of Less than One Hundred Thousand Dollars pursuant to PSL Section 70

Dear Secretary Brilling:

Enclosed please find an Affidavit by Niagara Mohawk Power Corporation d/b/a National Grid (the “Company”) advising the Public Service Commission (“Commission”) of the Company’s plan to transfer certain unimproved real property comprising a portion of tax map parcel SBL # 102.04-3-46 located on the west side of Union Road in the Town of Cheektowaga, County of Erie, State of New York (the “Property”). Annexed to the Affidavit as Attachment “A” is the Purchase & Sale Agreement governing the proposed sale of the Property while Attachment “B” provides a map depicting the Property to be transferred. Attachment “C” to the Affidavit provides the appraisal reports for the Property. Attachment “D” to the Affidavit provides the short Environmental Assessment Form for the Property. Lastly, Attachment “E” to the Affidavit provides the Company’s proposed accounting treatment for the transfer of the Property. This filing is submitted to the Commission pursuant to Section 70 of the Public Service Law (“PSL”) for property with an original cost of less than one hundred thousand dollars.

The original of the Affidavit will be transmitted via overnight mail. Please advise the undersigned of any further information the Commission may require in connection with this filing or if the Commission determines within ninety (90) days of the date of this filing that the public interest requires its review and written consent.

Thank you for your attention to this matter.

Respectfully submitted,

/s/ Janet M. Audunson
Janet M. Audunson, P.E., Esq.
Senior Counsel

Enc.

cc: Denise Gerbsch, DPS Staff, w/enclosures (via electronic mail)
Cathy Hughto-Delzer, w/enclosures (via electronic mail)
Shannon Larson, w/enclosures (via electronic mail)
Celia Deluga, w/enclosures (via electronic mail)
Michael Hickey, w/enclosures (via electronic mail)

AFFIDAVIT

STATE OF NEW YORK)
) SS:
COUNTY OF ONONDAGA)

John W. Spink, being duly sworn, deposes and says that:

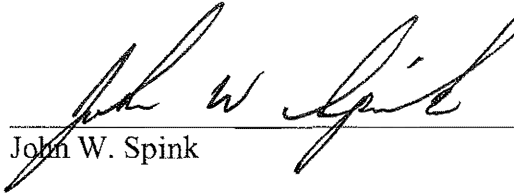
1. I am Vice President for Niagara Mohawk Power Corporation d/b/a/ National Grid (“National Grid” or the “Company”).
2. This Affidavit is being submitted in support of the notice filing with the Commission pursuant to Section 70 of the Public Service Law for the proposed transfer of certain unimproved real property comprising a portion of tax map parcel SBL # 102.04-3-46, as further described below, consisting of right-of-way associated with the former 34.5 kV Walden-Ledyard transmission line, located on the west side of Union Road in the Town of Cheektowaga, County of Erie, State of New York (the “Property”) to Iskalo Development Corporation, with an address of 5166 Main Street, Williamsville, New York 14221 (the “Purchaser”) as set forth in the Purchase and Sale Agreement entered into between National Grid and the Purchaser, dated December 19, 2011. A copy of the Purchase and Sale Agreement is annexed hereto as Attachment “A” and a map depicting the Property to be transferred is annexed hereto as Attachment “B.”
3. By deed dated April 11, 1921, International Railway Company acquired title to a 1.156 acre strip of land that ran to the center of Union Road as it then existed subject to the rights of New York State (the “State”) in and to an approximate 0.165 acre strip described as fronting on the westerly bounds of Union Road. The 1.156 acre parcel was conveyed, along with several other parcels, to a predecessor company of National Grid by deed dated November 29, 1940. The parcels conveyed totaled 4.294 acres. However, when this aggregation of parcels was later depicted on county tax maps, it was designated as being a 4.70 acre parcel where such designation was likely derived by means other than by deed. It is only the 1.156 acre parcel that is being conveyed to the Purchaser. The Company’s property records books identify the Property as being a 0.991 acre parcel (the “Book Acreage”) which is believed to be the 1.156 acre parcel less the 0.165 acre strip belonging to the State. There also remains a question as to whether the title to the original highway bed was acquired by the State and what, if any, residual title interest the Company may have in the original bed of Union Road. For these reasons, National Grid is conveying the Property to the Purchaser by means of a quitclaim deed which will convey whatever title, interest or claim that the Company may have in and to all of the originally acquired 1.156 acre parcel. Although any title search or property survey shall be the responsibility of the Purchaser at the Purchaser’s expense, the Purchaser’s inspection period per Article 2

of the Purchase and Sale Agreement has expired and no substantive title issues have been raised.

4. I am fully familiar with all the facts and circumstances surrounding National Grid's proposed transfer of the Property to the Purchaser.
5. The Company's proposed transfer of the Property is made subject to the easement grant described in Schedule "B" and the reservation of easements described in Schedule "C", both of which are depicted in Exhibit "B" annexed to the Purchase and Sale Agreement.
6. Pursuant to Article 3 of the Purchase and Sale Agreement, the agreed upon purchase price for the Property is Fifty-Six Thousand and 00/100 Dollars (\$56,000.00) (the "Purchase Price").
7. Based on the Company's records, the Property had an original book cost of \$7.44 for the Book Acreage.
8. In December 2010 National Grid had an appraisal of the Property completed by a NYS-certified general appraiser. The appraisal report provided an enhancement value upon the transfer of the Property, defined therein as an approximate 0.87 acre parcel, to the Purchaser in the amount of \$56,000. In December 2011, an updated opinion was provided to the Company confirming that the enhancement value of the Property remains unchanged from the December 2010 appraisal report. The enhancement value approach to appraisal is not based upon the area of the parcel to be transferred. Rather, it is based on the enhancement value to the adjoining property that the parcel will be assembled with as determined by a valuation of the adjacent property, "before and after" assemblage with the additional parcel, to arrive at how the adjacent property's use will be enhanced. As such, the use of the lesser approximate 0.87 acre parcel area, as set out in the appraisal, is irrelevant to the determination of enhancement value. The appraisal reports are annexed hereto as Attachment "C."
9. Other than the grant and reservation of certain easement rights as noted in Item 5 of this Affidavit, the Purchase Price set forth in Item 6 of this Affidavit and the prior payment of an application fee to National Grid by the Purchaser, no further compensation is being paid to the Company in connection with the Property. The application fee was for the purpose of offsetting certain Company costs associated with the unsolicited request to purchase the Property. The application fee is separate from the Purchase Price.
10. National Grid's property tax obligations (town, county, and school tax combined) for the entirety of tax map parcel SBL # 102.04-3-46 (4.70 acres) for the years 2009, 2010 and 2011 were \$12,724.93, \$13,183.83, and \$13,501.33, respectively. The Company's combined town and county tax obligation for 2012 for the entirety of such tax map parcel is \$7,113.32. The 2012 school tax bill has yet to be issued. The

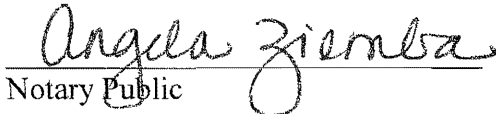
Company's reduction in annual property tax obligations (town, county and school tax combined) for this parcel following the transfer of the Property is expected to be approximately \$3,400.

11. The transfer of the Property to the Purchaser will not prevent National Grid from providing electric service to its customers and in no way inhibit or impact the conduct of the Company's business.
12. A Short Environmental Assessment Form in accordance with the State Environmental Quality Review Act evaluating the potential impacts associated with the proposed transfer of the Property is annexed hereto as Attachment "D."
13. Journal entries to illustrate how the Company will account for the transfer of the Property are annexed hereto as Attachment "E."



John W. Spink

Sworn to before me this
3rd day of April, 2012



Notary Public

Angela Ziemba
Notary Public in the State of New York
Qualified in Onondaga Co
No. 01214857037
My Commission Expires 4-28-14

ATTACHMENT A



PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") made this 19th ^{December} ~~November~~, 2011 (the "Effective Date") by and between **NIAGARA MOHAWK POWER CORPORATION**, a New York corporation, having a place of business at 300 Erie Boulevard West, Syracuse, New York 13202 ("Seller") and **ISKALO DEVELOPMENT CORP.**, Harbinger Square, 5166 Main Street, Williamsville, New York 14221 ("Purchaser").

1. REAL PROPERTY INCLUDED IN THE SALE.

Upon and subject to the following terms, covenants and conditions, Seller agrees to sell and convey and Purchaser agrees to purchase the real property situated on the west side of Union Road located in the Town of Cheektowaga, County of Erie and State of New York, known as a portion of tax parcel SBL # 102.04-3-46 and consisting of approximately 1.156 \pm acres, as more particularly described in Schedule "A" and shown in Exhibit A as both attached hereto, together with all rights, privileges, easements and appurtenances thereto (and reserving unto the Seller a permanent easement more particularly described in Schedule "C" and shown as Easement Area No. 2 on Exhibit "B" attached hereto) (the "Real Property").

2. INSPECTIONS; DEED.

2.1 Title Inspection. During the period beginning upon the Effective Date and ending at 5:00 p.m. (local time at the Real Property) on that date which is sixty (60) days after the Effective Date (the "Inspection Period"), Purchaser shall have the right, at its sole cost and expense, to perform whatever title inquiry it deems appropriate for its purposes. At or prior to the expiration of the Inspection Period, Purchaser shall notify Seller in writing (the "Title Notice") which exceptions to title, if any, will not be accepted by Purchaser. If Purchaser fails to notify Seller in writing of its disapproval of any exceptions to title by the expiration of the Inspection Period, Purchaser shall be deemed to have approved the condition of title to the Real Property as of the expiration of the Inspection Period. If Purchaser so notifies Seller in writing that Purchaser objects to any exceptions to title, Seller shall have twenty (20) days after receipt of the Title Notice to notify Purchaser that Seller will either: (a) remove such objectionable exceptions from title on or before the Closing Date; or (b) that Seller is unable or unwilling to remove such exceptions to title on or before the Closing Date. Failure of Seller to so notify Purchaser shall be deemed to be an election by Seller of Subparagraph 2.1(b) above. If Seller gives Purchaser notice or is deemed to have given notice under Subparagraph 2.1(b) above, Purchaser shall have ten (10) days in which to notify Seller that Purchaser (x) will take title to the Real Property subject to such exceptions, or (y) elects to terminate this Agreement. If this Agreement is terminated pursuant to the foregoing provisions, then neither party shall have any further rights or obligations hereunder (except for any rights or obligations of either party which expressly survive the termination of this Agreement), the Deposit (as defined in Paragraph 3(a) below) shall be promptly returned to Purchaser and each party shall bear its own costs incurred hereunder. If Purchaser shall fail to notify Seller of its election within said ten-day period, Purchaser shall be deemed to have elected to take title to the Real Property subject to such exceptions.

2.2 Real Property Condition Inspection. During the Inspection Period and subject to the provisions hereof, Purchaser shall have the right to make a physical inspection of the Real Property at Purchaser's sole cost and expense.

Purchaser shall be permitted to conduct an ASTM 1527-05 Phase I Environmental Due Diligence Investigation at his sole discretion. A copy shall be provided to Seller. If Purchaser desires to do any invasive testing at the Real Property (including, without limitation, any drillings, soil borings, or any other subsurface investigations or samplings), any such invasive testing shall be approved in writing by Seller in advance (the "Approved Activities"). Purchaser acknowledges that portions of the Real Property may be covered by either federally regulated or state regulated wetlands, and that applicable regulations may prohibit or restrict such invasive testing, and Purchaser agrees that the Approved Activities performed by Purchaser shall be subject to Seller's oversight and approval, as well as all necessary regulatory approvals, and that in any event, Seller reserves the right to prohibit invasive testing in its sole discretion. Purchaser shall provide Seller with a minimum of five (5) days notice prior to commencing the Approved Activities. A representative of Seller may be present during the conduct of the Approved Activities. The Approved Activities shall be performed in strict accordance with this Agreement. In performing the Approved Activities, Purchaser shall take all necessary precautions for the safety of Purchaser's consultants, agents and employees, and the general public and shall comply with all applicable laws, including without limitation all applicable provisions of federal, state, and local safety laws.

Before entering upon the Real Property, Purchaser shall furnish to Seller evidence of general liability insurance coverage in the amounts and insuring against the risks set forth on Exhibit C attached hereto and made a part hereof. Purchaser understands and agrees that any on-site inspections of the Real Property shall occur at reasonable times agreed upon by Seller and Purchaser after reasonable prior written notice to Seller. Seller reserves the right to have a representative present during any such inspections.

In the event that additional reports are produced with regard to Purchaser's inspections, Purchaser shall furnish copies of such reports within one week after receipt, which obligation shall survive Closing or any termination of this Agreement. Purchaser agrees to protect, indemnify, defend and hold Seller harmless from and against any claim for liabilities, losses, costs, expenses (including reasonable attorneys' fees and expenses), damages or injuries caused by Purchaser or its agents or consultants. If for any reason the Closing does not occur, Purchaser shall (a) at Seller's option, return to Seller or destroy all materials and other information regarding the Real Property that Seller has provided to Purchaser and all photocopies thereof, and (b) deliver immediately to the Seller copies of all written studies, analyses, reports and assessments (both final and interim versions) relating to any of Purchaser's inspections. Notwithstanding anything to the contrary in this Agreement, the obligations to indemnify and hold harmless Seller set forth herein shall survive Closing or any termination of this Agreement.

Purchaser acknowledges and agrees that Seller makes no warranty with respect to the condition, safety, title, or fitness of the Real Property, including, without limitation the environmental condition thereof, and Purchaser shall conduct its own independent review of the condition of the Real Property and enter and access the Real Property at its sole and absolute risk. Any access to the Real Property is provided to the Purchaser in its current condition, "AS IS", "WHERE IS", and "WITH ALL FAULTS". The permission to enter upon the Real Property is subject to any and all easements, restrictions and covenants of record, and is subject and subordinate to any and all security interests, mortgages and indentures which may now or hereafter affect the Real Property, and to all renewals, amendments, modifications, supplements and extensions thereof.

Purchaser shall notify Seller in writing prior to the expiration of the Inspection Period of its disapproval of the condition of the Real Property. If Purchaser fails to notify Seller in writing of its disapproval of the condition of the Real Property by expiration of the Inspection Period, Purchaser shall be deemed to have approved the condition of the Real Property. If this

Agreement is terminated pursuant to the foregoing provisions, then neither party shall have any further rights or obligations hereunder (except for any rights or obligations of either party which expressly survive the termination of this Agreement), the Deposit shall be promptly returned to Purchaser and each party shall bear its own costs incurred hereunder.

2.3 Permitted Title Exceptions. The Real Property shall be conveyed subject to the following matters, which are hereinafter referred to as the "Permitted Title Exceptions":

- a) Local, state and federal laws, ordinances or governmental regulations, including, but not limited to, the provisions of local building and zoning laws;
- b) Such real estate taxes and/or assessments (including any water and/or sewer charges or special assessments, if any) for the then current fiscal year as are not yet due and payable on the date of delivery of the Deed;
- c) All those title matters that are accepted (or deemed accepted) by Purchaser pursuant to Subparagraph 2.1 above;
- d) The rights-of-way and easements to be retained, excluded, and/or reserved by Seller in the Deed as set forth on Schedule "C" attached hereto and incorporated herein;
- e) Those matters that would be shown on a survey of the Real Property prepared by a licensed surveyor or engineer at the sole cost and option of the Purchaser at its election (the "Survey");
- f) Any new title matters that appear of record prior to the Closing Date but after any update of title following the Inspection Period (as set forth in Subparagraph 2.1 above) unless objected to in writing by Purchaser.

2.4 Instruments of Conveyance.

- a) Delivery of Deed: The Real Property is to be conveyed via Quitclaim deed ("Deed") running to Purchaser, subject to Permitted Title Exceptions.
- b) As a condition of sale, the Purchaser agrees to grant to the Seller a 20 foot wide easement strip as set forth hereinafter in Paragraph 26.2 (c). Said easement conveyance is subject to evidence of satisfactory environmental and title being provided to the Seller by the Purchaser. Within ten (10) days of the Effective Date Purchaser shall provide Seller with copies of the most current environmental and title documentation within their possession, or which can readily be obtained, that pertains to the said twenty (20) foot easement strip.

3. PURCHASE PRICE.

The agreed purchase price for the Real Property is **Fifty-Six Thousand and 00/100 Dollars (\$56,000.00)** (the "Purchase Price"), which Purchase Price is subject to adjustments, credits and prorations set forth herein, and shall be paid according to the following schedule:

- a) Purchaser's deposit of Six Thousand and 00/Dollars (\$6,000.00) shall be delivered to Seller upon Purchaser's full execution of this Agreement and shall be held in escrow by Seller in a non-interest bearing account, pursuant to the terms and conditions specified in this Agreement (the "Deposit");
- b) Upon delivery of the Deed, Purchaser shall pay to Seller the then unpaid balance of the Purchase Price by wire transfer, certified check or bank check payable to Seller.

Seller shall hold the Deposit in escrow in accordance with the terms and conditions of this Agreement. Unless Seller defaults under the terms of this Agreement or is unable to satisfy Seller Approval Conditions (as defined in Paragraph 22(a) below), or unless Purchaser terminates this Agreement prior to the expiration of the Inspection Period, or unless specifically set forth herein otherwise, the Deposit shall become non-refundable on the sixty-first (61st) day immediately following the Effective Date of this Agreement.

FROM AND AFTER THE EXPIRATION OF THE ABOVE DATES AND/OR IN THE EVENT THE SALE OF THE REAL PROPERTY AS CONTEMPLATED HEREUNDER IS NOT CONSUMMATED AS A RESULT OF A DEFAULT ON THE PART OF PURCHASER THAT HAS NOT BEEN CURED IN ANY APPLICABLE NOTICE AND CURE PERIOD, THE DEPOSIT SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT THAT THE SALE IS NOT CONSUMMATED WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE; THEREFORE, BY SEPARATELY EXECUTING THIS SECTION BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST PURCHASER IN THE EVENT THE CLOSING DOES NOT OCCUR AS A RESULT OF A DEFAULT ON THE PART OF PURCHASER AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST PURCHASER ARISING FROM SUCH FAILURE OF THE SALE TO CLOSE. NOTWITHSTANDING THE FOREGOING, IN NO EVENT SHALL THIS SECTION LIMIT THE DAMAGES RECOVERABLE BY SELLER DUE TO (A) PURCHASER'S OBLIGATION TO INDEMNIFY SELLER IN ACCORDANCE WITH THIS AGREEMENT, OR (B) THIRD PARTY CLAIMS, OR (C) PURCHASER'S OBLIGATION TO FURNISH TO SELLER, COPIES OF ANY REPORTS (WITHOUT A CORRESPONDING RELIANCE CERTIFICATE) RECEIVED BY PURCHASER RELATING TO ANY INSPECTION OF THE REAL PROPERTY AT NO COST TO SELLER. BY SEPARATELY EXECUTING THIS SECTION BELOW, PURCHASER AND SELLER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTOOD THE ABOVE PROVISIONS COVERING LIQUIDATED DAMAGES.

Niagara Mohawk Power Corporation

Iskalo Development Corp.

By: Shannon Larson

By: Paul B. Iskalo

Name: Shannon Larson

Name: Paul B. Iskalo

Title: Authorized Representative

Title: President & CEO

Date: 12/19/11

Date: 11-8-11

4. CLOSING.

The Deed is to be delivered to Purchaser at the offices of the Erie County Clerk in the City of Buffalo, New York 14202 or at such other place as the parties may agree in writing. Delivery of the Deed by Seller and delivery of the Purchase Price by Purchaser shall occur at such location on the date that is thirty (30) days after satisfaction or waiver by Seller of Seller Approval Conditions (the "Closing Date"). If the Closing Date comes and goes and there has been no Closing; then, in such event, either party may upon ten (10) business days written

notice to the other party to this Agreement, declare that time is of the essence in the performance of this Agreement.

5. CONDITION OF REAL PROPERTY.

Purchaser acknowledges and agrees that Seller makes no warranty with respect to the condition, safety, title, of fitness of the Real Property, including, without limitation, the environmental condition of the Real Property, and Purchaser shall enter and access the Real Property at its sole and absolute risk. Possession of the Real Property is to be delivered to Purchaser "AS-IS", "WHERE IS" and "WITH ALL FAULTS" at the time of the delivery of the Deed, the Real Property to be then in substantially the same condition in which it is now, subject to the Permitted Title Exceptions.

Purchaser shall be entitled to an inspection of the Real Property within forty-eight (48) hours of the Closing Date in order to determine whether the condition thereof complies with the terms of this Paragraph 5.

6. EXTENSION TO MAKE REAL PROPERTY CONFORM.

If the Real Property does not conform with the provisions hereof, then Seller shall use reasonable efforts to make the Real Property conform to the provisions hereof, in which event Seller shall give written notice thereof to Purchaser at or before the time for performance hereunder, and thereupon the time for performance hereof, shall be extended for a period of thirty (30) days. Despite the foregoing obligation to use reasonable efforts to deliver the Real Property in conformity with the provisions hereof, Seller shall not be obligated to spend more than Five Hundred and 00/100 Dollars (\$500.00) cumulatively to remove any lien or encumbrance such as a mechanic's or materialman's liens which is recorded against the Real Property after the Inspection Period set forth in Subparagraph 2.1 above.

7. FAILURE TO MAKE REAL PROPERTY CONFORM.

If, at the expiration of the extended time, Seller shall have failed to make the Real Property conform, then at Purchaser's option, all obligations of the parties hereto shall cease, the Deposit shall be returned to Purchaser, and this Agreement shall be null and void and without recourse to the parties hereto, except with respect to those provisions that expressly survive the termination of this Agreement.

8. PURCHASER'S ELECTION TO ACCEPT TITLE.

Purchaser shall have the election, at either the original or any extended time for performance, to accept the Deed and take title and possession of the Real Property in such condition as Seller is able to deliver.

9. EMINENT DOMAIN OR CASUALTY.

- a) Eminent Domain. If prior to the Closing Date any portion of the Real Property is taken or proposed to be taken by adoption of a resolution thereof by the applicable authority for any public or quasi-public use in condemnation proceedings or through right of eminent domain or deed in lieu thereof, Seller shall, within ten (10) days of the receipt of knowledge or notice thereof, but in no event no later than the Closing Date, notify Purchaser of such fact in writing and provide any and all information in Seller's

possession concerning the same. If Seller receives such notice within thirty (30) days of the Closing Date, Purchaser may elect to extend the Closing Date (and the deadline date in Section 4) hereof for not more than thirty (30) days. Purchaser shall have the right to terminate this Agreement upon notice to Seller given no later than ten (10) days after receipt of Seller's notice and, notwithstanding anything to the contrary contained herein, Purchaser will receive a refund of the Deposit. If this Agreement is so terminated, neither party shall have any further rights or obligations hereunder, except with respect to those provisions that expressly survive the termination of this Agreement. If Purchaser does not exercise this right to terminate this Agreement, the parties shall proceed pursuant to the terms hereof, and Seller shall assign and turn over, and Purchaser shall be entitled to receive and keep, all awards, compensation or consideration received or to be received for the portion of the Real Property to be purchased hereunder, it being further agreed and understood that Seller shall have the right to make a separate claim and recover from the condemning authority such compensation as may be awarded to Seller for the value of its reserved fee interests, rights-of-way, and easement rights, along with any requisite moving and/or relocation costs attributable thereto, and it being further agreed and understood that in no case shall Purchaser retain any amounts in excess of the Purchase Price (with any overage belonging to Seller). The aforesaid compensation provisions of this Paragraph 9 shall survive the delivery of the Deed.

b) Casualty. Not Applicable.

10. APPORTIONMENTS.

Water and sewer charges, if any, assessments (special or otherwise) and real estate taxes for the then current year shall be apportioned as of the Closing Date and the net amount thereof shall be added to or subtracted from, as the case may be, the Purchase Price payable by Purchaser at the time of delivery of the Deed.

If the amount of said charges, assessments, or taxes is not known at the time of the delivery of the Deed, they shall be apportioned on the basis of the charges, assessments, or taxes assessed for the preceding year, with a reapportionment as soon as the new tax rate and valuation can be ascertained; and, if the charges, assessments, or taxes which are to be apportioned shall thereafter be reduced by abatement, the amount of such abatement, less the reasonable cost of obtaining the same, shall be apportioned between the parties hereto, provided that neither party shall be obligated to institute or prosecute proceedings for an abatement unless herein otherwise agreed. The provisions of this Paragraph 10 shall survive the delivery of the Deed.

11. INSURANCE.

The Real Property shall, until delivery of the Deed to Purchaser, be kept insured by Seller in the manner similar Real Property owned by Seller is insured from time to time.

12. DEFAULT; DAMAGES.

Purchaser shall be in default hereunder if Seller sends a notice of default to Purchaser (which notice shall specify in detail the nature of the alleged default) and Purchaser then fails to cure any such alleged default within five (5) business days of its receipt of such written notice (provided, however, if such alleged default is not reasonably capable of being cured within said five (5) day period, such failure to cure shall not constitute an event of default so long as Purchaser undertakes affirmative acts to cure such default within said five (5) day period and thereafter diligently prosecutes the same to completion (but in no event shall such cure period exceed twenty (20) business days); it being further agreed that the mere inability to pay an

amount owed hereunder due to financial troubles shall not give Purchaser the right to extend the cure period). In the event of such default and Purchaser's failure to cure within the applicable cure period, Seller shall have the right to terminate this Agreement and the Deposit shall be released to the Seller as liquidated damages as provided in Paragraph 3 and this Agreement shall be null and void and without recourse to the parties hereto, except for any provisions of this Agreement which by their terms shall survive said termination.

In the event the sale of the Real Property as contemplated hereunder is not consummated due to Seller's default hereunder, and Purchaser has sent written notice of such alleged default to Seller (which notice shall specify in detail the nature of the alleged default) and Seller thereafter fails to cure any such alleged default within five (5) business days of its receipt of such written notice (provided, however, if such failure is not reasonably capable of being cured within said five (5) day period, such failure shall not constitute an event of default so long as Seller undertakes affirmative acts to cure such failure within said five (5) day period and thereafter diligently prosecutes the same to completion (but in no event shall such cure period exceed twenty (20) business days); **THEN, IN SUCH EVENT, PURCHASER SHALL HAVE THE RIGHT TO CHOOSE ONE OF ONLY TWO (2) LIQUIDATED REMEDIES: (A) TERMINATE THIS AGREEMENT AND RECEIVE A RETURN OF THE DEPOSIT, AND THIS AGREEMENT SHALL THEN BE NULL AND VOID AND WITHOUT RECOURSE TO THE PARTIES HERETO, EXCEPT FOR ANY PROVISIONS OF THIS AGREEMENT WHICH BY THEIR TERMS SHALL SURVIVE SAID TERMINATION, OR (B) AS TO ITS SOLE REMEDY, BRING AN ACTION AGAINST SELLER FOR SPECIFIC PERFORMANCE, IT BEING EXPRESSLY AGREED AND UNDERSTOOD BY THE PARTIES HERETO THAT (i) THE FAILURE OF SELLER TO SATISFY OR WAIVE "SELLER APPROVAL CONDITIONS" (AS DEFINED IN PARAGRAPH 22(A) BELOW), EACH OF WHICH ARE AND HEREBY BECOME A CONDITION PRECEDENT TO SELLER'S OBLIGATION TO CLOSE HEREUNDER, SHALL NOT CONSTITUTE AN EVENT OF DEFAULT THAT WOULD ALLOW PURCHASER TO BRING AN ACTION FOR SPECIFIC PERFORMANCE HEREUNDER, AND (ii) IN BRINGING SUCH AN ACTION, PURCHASER HEREBY AGREES THAT SELLER SHALL NOT THEREAFTER BE LIABLE TO PURCHASER IN ANY WAY FOR ANY ACTUAL OR ALLEGED DAMAGES OF PURCHASER WHICH ARE INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT IN NATURE AND PURCHASER HEREBY EXPRESSLY WAIVES ANY SUCH OTHER CLAIM(S) UPON THE COMMENCEMENT OF SUCH AN ACTION FOR SPECIFIC PERFORMANCE.**

Despite Seller's default hereunder, Seller shall be entitled to retain any statements, reports, documents, schedules, exhibits or other written information obtained from Purchaser in connection with this Agreement or the transaction contemplated herein free of charge.

BY SEPARATELY EXECUTING THIS SECTION 12, PURCHASER AND SELLER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTOOD THE ABOVE PROVISIONS COVERING DEFAULT AND WAIVER OF REMEDIES.

By: Shannon Larson

Name: Shannon Larson

Title: Authorized Representative

Date: 12/19/11

By: Paul B. Iskalo

Name: Paul B. Iskalo

Title: President & CEO

Date: 11-8-11

13. ACCEPTANCE OF DEED.

The acceptance of a Deed by Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation herein contained or expressed, except such as are, by the express terms hereof, to be performed after the delivery of said Deed, and such as are otherwise expressly stated to survive the delivery of the Deed including the covenants of Seller (if any) contained in the Deed. Seller shall provide Purchaser with a copy of the proposed deed at least ten (10) business days prior to Closing.

14. USE OF PURCHASE MONEY TO CLEAR TITLE.

To enable Seller to make conveyance as herein provided, Seller shall be entitled to use the purchase money or any portion thereof to clear the title to the Real Property of any or all encumbrances or interests which are not Permitted Title Exceptions.

15. CONSTRUCTION OF AGREEMENT.

This instrument is to be construed as a New York contract, sets forth the entire agreement between the parties, supersedes any prior agreements between the parties, is binding upon and inures to the benefit of the parties hereto and their respective legal representatives, successors and assigns, and may be canceled, modified or amended only by a written instrument executed by both Seller and Purchaser. The captions are used only as a matter of convenience and are not to be considered a part of this Agreement or to be used in determining the intent of the parties to it. The parties also acknowledge that they had an opportunity to consult legal counsel prior to the execution hereof and that the normal rule of construction (which would provide that any ambiguities are to be resolved against the drafting party) shall not be employed in the interpretation of this Agreement or any exhibits.

16. RESERVED.

17. BENEFITS AND OBLIGATIONS; NO THIRD PARTY BENEFICIARIES.

No party other than the parties hereto or their respective successors and assigns shall have any right or benefit herein, including without limitation, the right to insist upon or enforce against either Seller or Purchaser the performance of all or any of their respective obligations hereunder, and no such third party shall be deemed to have received any benefit as a result of any provisions of this Agreement.

18. RESERVED.

19. NOTICE. Any notice pursuant to this Agreement shall be given in writing by (a) personal delivery, (b) reputable overnight delivery service with proof of delivery, (c) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (d) legible facsimile transmission, sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee shall have designated by written notice sent in accordance herewith, and shall be deemed to have been given upon receipt or refusal to accept delivery, or, in the case of facsimile transmission, as of the date of the facsimile transmission. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement shall be as follows:

If to Seller: Niagara Mohawk Power Corporation
 c/o National Grid
 144 Kensington Avenue
 Buffalo, New York 14214
 Attention: Mark Agle, Real Estate Department
 Fax: (716) 831-5042

With a copy to Seller's attorney:

 c/o National Grid
 40 Sylvan Road
 Waltham, MA 02451
 Attention: Michael J. Hickey, Jr., Senior Counsel
 Fax : (781) 907-5701

If to Purchaser: Iskalo Development Corp.
 5166 Main Street
 Willaims ville, NY 14221
 Fax: (716) 633-5776
 Attention: Paul B. Iskalo, President & CEO

With a copy to Purchaser's attorney:

 Hodgson Russ LLP
 The Guaranty Building
 140 Pearl Street, Suite 100
 Buffalo, NY 14202
 Attn: Terrence M. Gilbride, Esq.

20. NO LIABILITY OF SHAREHOLDER, TRUSTEE OR BENEFICIARY.

If a party hereto is a corporation, no shareholder, director, officer, employee, attorney, or agent, or if a party hereto is a trust, no trustee or beneficiary of the trust, shall be personally liable for any obligation, express or implied hereunder. If Seller and Purchaser disclose in its execution of this Agreement that it is acting in a representative or fiduciary capacity, only the principal or estate represented shall be bound. If more than one person is named herein as Purchaser or Seller respectively, their obligations hereunder shall be joint and several.

21. RESERVED.

22. REPRESENTATIONS AND WARRANTIES OF SELLER; SELLER APPROVAL CONDITIONS.

Seller hereby makes the following representations and warranties, all of which are true and correct as of the date of this Agreement, and shall be true and correct as of the date of the delivery of the Deed.

- a) Subject to Seller Approval Conditions (as defined below), Seller has the full power, right and authority to enter into this Agreement. "Seller Approval Conditions" shall include:
 - (i) Seller's receipt and acceptance, on or before the Closing Date, of any governmental and/or regulatory approvals on terms and conditions which are acceptable to Seller in its sole discretion as are required for the sale of the Real Property, and a Partial Release (the "Partial Release") issued by the holder of Seller's Mortgage Indenture ("External

Approval(s)”) and (ii) senior management approval of this Agreement and approval by Seller’s Board of Directors to consummate the sale of the Real Property as contemplated hereby (“Internal Approvals”). Seller shall use reasonable, good faith efforts to satisfy Seller Approval Conditions following the expiration of the Inspection Period, and Purchaser hereby agrees to cooperate with Seller as Seller deems reasonably necessary to satisfy same. If Seller is not able to satisfy Seller Approval Conditions within one hundred eighty (180) days following the expiration of the Inspection Period, then Purchaser shall thereafter have the right, by delivering written notice to Seller within ten (10) days thereafter, to terminate this Agreement, whereupon all obligations of the parties hereto shall cease, the Deposit shall be returned to Purchaser, and this Agreement shall be null and void and without recourse to the parties hereto, except with respect to those provisions that expressly survive the termination of this Agreement. If however, Seller satisfies Seller Approval Conditions within thirty (30) days of its receipt of Purchaser’s termination notice, Seller shall deliver written notice of such satisfaction within ten (10) days thereof to Purchaser, which notice shall render Purchaser’s termination notice void, and the parties shall proceed hereunder. If Seller is not able to satisfy Seller Approval Conditions within two hundred seventy (270) days following the expiration of the Inspection Period, then either party shall have the right to terminate this Agreement by delivering written notice to the other party, whereupon all obligations of the parties hereto shall cease, the Deposit shall be returned to Purchaser, and this Agreement shall be null and void and without recourse to the parties hereto, except with respect to those provisions that expressly survive the termination of this Agreement.

- b) Subject to Subparagraph 22(a) above, this Agreement, and the documents to be executed and delivered by Seller in connection with the consummation of the transaction contemplated by this Agreement, are and will be valid, binding and enforceable upon Seller in accordance with their respective terms and conditions.
- c) Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code of 1986, as amended, and Income Tax Regulations) for purposes of United States income taxation.

23. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser hereby makes the following material representations and warranties, all of which are true and correct as of the date of this Agreement, shall be true and correct as of the date of the delivery of the Deed, and shall survive the delivery of the Deed:

- a) Purchaser has the full power, right and authority to enter into this Agreement.
- b) This Agreement and the documents to be executed and delivered by Purchaser in connection with the consummation of the transaction contemplated by this Agreement are and will be valid, binding, and enforceable upon Purchaser in accordance with their respective terms and conditions.
- c) Purchaser has not filed any petition, nor has Purchaser been the party against whom a petition has been filed in relation to any bankruptcy, insolvency, request for reorganization, assignment for benefit of creditors, for the appointment of a receiver or trustee, or for the arrangement of debt, nor to the best of Purchaser's knowledge is any such action threatened or contemplated.
- d) Purchaser will have available to it unrestricted funds at the time of Closing which it may use in its sole discretion to pay the full Purchase Price and otherwise comply with the provisions of this Agreement. Purchaser acknowledges and agrees that its obligations

hereunder are not contingent upon Purchaser obtaining financing for the purchase of the Real Property.

24. RESERVED.

25. BROKER.

Seller and Purchaser represent each to the other that they have not engaged any broker, entered into a listing agreement or other contract or otherwise retained a broker in connection with the Real Property. Each party shall indemnify, defend and hold the other harmless from and against any loss, cost or damage suffered or incurred by the other as a result of a breach of the foregoing representation. The representations and obligations under this Paragraph shall survive the delivery of the Deed or, if the sale of the Real Property does not occur, the termination of this Agreement.

26. CLOSING DOCUMENTS.

26.1 Simultaneously with the delivery of the Deed, Seller shall deliver to Purchaser the following documents:

- a) Such documents as Purchaser's title insurer may reasonably request to evidence due authorization to deliver the Deed or any other document required by this Agreement;
- b) An affidavit satisfying the requirements of Section 1445 of the Internal Revenue Code and regulations issued thereunder, stating under penalty of perjury Seller's address and United States taxpayer identification number and that Seller is not a foreign person;
- c) Internal Revenue Service Form W-8 or Form W-9 as applicable;
- d) An original counterpart signature page to a closing statement setting forth the Purchase Price, the closing adjustments and prorations and the application thereof at the Closing (the "Closing Statement");
- e) the Partial Release; and
- f) such other customary documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

26.2 At Closing, Purchaser shall deliver to Seller:

- a) The Purchase Price (less the Deposit) as increased or decreased by prorations and adjustments as herein provided, either by certified bank or cashier's check or by federal wire transfer;
- b) Copies of such such affidavits as may be required by Purchaser's title insurer, if any;
- c) A grant of a 20 foot wide permanent easement strip to the Seller for, among other things, access to the adjacent reserved 26.5 foot wide easement strip (Easement Area No. 2). Said easement grant shall be in standard format prepared by the Seller, a preliminary draft of which is set forth in Schedule "B" attached hereto and made a part hereof, receipt of which is hereby acknowledged. Said easement strip shall be located immediately north of, and contiguous with, the north line of the lands to be conveyed to the purchaser as described in Schedule "A". Said easement strip is also shown as Easement Area No.1 on Exhibit "B" attached hereto and made a part hereof.

- d) An original counterpart signature page to the Closing Statement;
- e) Such other customary documents as shall be reasonably required to consummate the transaction contemplated by this Agreement; and
- f) If not otherwise previously delivered to Seller, copies of all written studies analyses, reports and assessments (both final and interim versions) relating to any of Purchaser's investigations.

27. CLOSING COSTS.

Seller shall be responsible for the payment at Closing of real estate transfer taxes and recording fees for documents necessary to clear title to the Real Property as provided herein. Purchaser shall be responsible for the payment at Closing of all other costs associated therewith.

28. PATRIOT ACT.

Neither the Purchaser nor any of its officers, members, managers, directors, partners, shareholder, trustees or beneficiaries has engaged in any dealings or transactions, directly or indirectly, (i) in contravention of any U.S. international or other anti-money laundering regulations or conventions, including, without limitation, the United States Bank Secrecy Act or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 and the regulations promulgated thereunder (collectively, the "Patriot Act"), or any other act issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC") or (ii) in contravention of Executive Order No. 13224 issued by the President of the United States on September 24, 2001 (executive Order Blocking Real Property and Prohibiting Transactions with Person Who Commit, Threaten to Commit or Support Terrorism), as may be amended or supplemented from time to time ("Executive Order 13224") or (iii) on behalf of terrorist or terrorist organizations including without limitation, those persons or entities that are included on any relevant list maintained by any country or organization, all as may be amended from time to time. Neither Purchaser nor any of its officers, directors, members, managers, partners, shareholder, trustees or beneficiaries is or will be a person or entity (a) that is listed in the Annex to or is otherwise subject to the provisions of Executive Order 13224; (b) whose name appears on OFAC's most current list of "Specially Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>), or (c) who commits, threatens to commit or supports "terrorism", as that term is defined in Executive Order 13224..

29. AS-IS DISCLAIMERS; NO RELIANCE ON DOCUMENTS.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE REAL PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

EXCEPT AS EXPRESSLY STATED HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY MATERIALS, DATA OR INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY, IF ANY. PURCHASER ACKNOWLEDGES AND AGREES THAT ALL MATERIALS, DATA AND INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY ARE PROVIDED TO PURCHASER AS A CONVENIENCE ONLY AND THAT ANY RELIANCE ON OR USE OF SUCH MATERIALS, DATA OR INFORMATION BY PURCHASER SHALL BE AT THE SOLE RISK PURCHASER, EXCEPT AS OTHERWISE EXPRESSLY STATED THEREIN. NEITHER SELLER, NOR ANY AFFILIATE OF SELLER, NOR THE PERSON OR ENTITY WHICH PREPARED ANY REPORT OR REPORTS DELIVERED BY SELLER TO PURCHASER SHALL HAVE ANY LIABILITY TO PURCHASER FOR ANY INACCURACY IN OR OMISSION FROM ANY SUCH REPORTS.

PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE REAL PROPERTY "AS IS", "WHERE IS", AND "WITH ALL FAULTS" OF WHATEVER NATURE, WHETHER KNOWN OR UNKNOWN AND SUBJECT TO THE PERMITTED TITLE EXCEPTIONS", PURCHASER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE REAL PROPERTY OR RELATING THERETO MADE OR FURNISHED BY SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT. PURCHASER ALSO ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS AND TAKES INTO ACCOUNT THAT THE REAL PROPERTY IS BEING SOLD "AS-IS" AND IS SUBJECT TO THE PERMITTED TITLE EXCEPTIONS. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE CLOSING OR ANY TERMINATION OF THIS AGREEMENT.

UPON CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INVESTIGATIONS, AND, EXCEPT FOR LIABILITY FOR A BREACH OF ANY REPRESENTATION OR WARRANTY OF SELLER TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, PURCHASER, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, PARENTS, EMPLOYEES AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH PURCHASER MAY ASSERT AND/OR MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, PARENTS, AFFILIATES, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE REAL PROPERTY. THE PROVISIONS OF THIS PARAGRAPH 29 SHALL SURVIVE CLOSING OR ANY TERMINATION OF THIS AGREEMENT.

30. MISCELLANEOUS.

- (a) Confidentiality. Purchaser and its representatives shall hold in strictest confidence all data and information obtained from Seller or any of its agents or attorneys with respect to Seller or its business which is not generally available to the public (the "Confidential Information"). In the event this Agreement is terminated or Purchaser fails to perform hereunder, Purchaser shall promptly return to Seller any statements, documents, schedules, exhibits or other written information obtained from Seller in connection with the Agreement or the transaction contemplated herein. It is understood and agreed that, with respect to any provision of this Agreement which refers to the termination of this Agreement and the return of the Deposit to Purchaser, such Deposit shall not be returned to Purchaser unless and until Purchaser has fulfilled its obligation to return to Seller the materials described in the preceding sentence. In the event of a breach or threatened breach by Purchaser or its agents or representatives of this Subparagraph 30(a), Seller shall be entitled to an injunction restraining Purchaser or its agents or representative from disclosing, in whole or in part, the Confidential Information. Nothing herein shall be construed as prohibiting Seller from pursuing any other available remedy at law or in equity for such breach or threatened breach. The provisions of this Subparagraph 30(a) shall survive Closing or any termination of the Agreement. Except as may otherwise be required by law, prior to the Closing, any release to the public of information with respect to the sale contemplated herein or any matter set forth in this Agreement will be made only in the form approved by Purchaser and Seller.
- (b) Assignment. Subject to the provisions of this Section 30(b), the terms and provisions of this Agreement are to apply to and bind the permitted successors and assigns of the parties hereto. Purchaser may not assign its rights under this Agreement without first obtaining Seller's written approval, which approval may be given or withheld in Seller's sole discretion. The provisions of this Subparagraph 30(b) shall survive the Closing or any termination of this Agreement. Notwithstanding the foregoing, Purchaser may designate an affiliate corporation or limited liability company (or other such entity controlled by Purchaser) to take title to the Real Property at Closing, provided Purchaser notifies Seller in writing of such designation not less than ten (10) business days prior to the Closing Date.
- (c) Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate the transaction contemplated by this Agreement.
- (d) Counterparts. This Agreement may be executed in counterparts, all such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.
- (e) Facsimile Signatures. In order to expedite the transaction contemplated herein, facsimile signatures may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the facsimile signatures on the faxed document, are aware that the other party will rely on the facsimile signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.
- (f) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall

nonetheless remain in full force and effect; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to any party hereunder.

- (g) Recordation. This Agreement shall not be recorded by Purchaser. Any recordation by Purchaser shall constitute an immediate default hereunder.
- (h) Enforceability. A party shall not be deemed to have made or accepted an offer to enter into any transaction because it has sent an unsigned draft of this Agreement to the other party. This document shall not bind either party unless it has been executed and delivered by both parties.

EXECUTED ON THE DAY AND YEAR FIRST WRITTEN ABOVE.

NIAGARA MOHAWK POWER CORPORATION

By: Shannon Larson

Name: Shannon Larson

Title: Authorized Representative

Taxpayer ID No. 15-0265555

ISKALO DEVELOPMENT CORP.

By: Paul B. Iskalo

Name: Paul B. Iskalo

Title: President & CEO

Taxpayer ID No. 16-1357337

EXPLANATION OF SCHEDULES AND EXHIBITS

- SCHEDULE "A"** The land description of premises to be conveyed by Seller to Purchaser.
- SCHEDULE "B"** Easement to be granted to Seller by Purchaser (Easement Area No. 1).
- SCHEDULE "C"** Description of the easement to be reserved by the Seller (Easement Area No. 2).
- EXHIBIT "A"** Map depicting premises to be conveyed.
- EXHIBIT "B"** Map depicting easements to be reserved and conveyed.
- EXHIBIT "C"** Insurance Requirements

SCHEDULE "A"

DESCRIPTION OF PROPERTY

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Cheektowaga, County of Erie and State of New York, being part of Lot Number 15, Township 11 and Range 7 of the Holland Land Company's Survey, more particularly bounded and described as follows:

BEGINNING at a point in the center line of Union Road, said point being one hundred twenty-seven and eleven one-hundredths (127.11) feet northerly from the intersection of the north line of the Delaware Lackawanna and Western Railroad with the center line of Union Road and measured along said center line of Union Road; thence westerly eight hundred thirty-nine and thirty-four one-hundredths (839.34) feet to a point in the easterly line of lands now or formerly owned by Jacob and Katy Pfohl, said point being four hundred and thirty-six one-hundredths (400.36) feet northerly from the northerly line of the Delaware Lackawanna and Western Railroad measured along said easterly line of said lands of Jacob and Katy Pfohl; thence northerly along said easterly line of said lands of Jacob and Katy Pfohl a distance of sixty (60) feet to a point; thence easterly and parallel to the first described line eight hundred thirty-nine and thirty-four one-hundredths (839.34) feet to the center line of Union Road; thence southerly along the center of Union Road sixty (60) feet to the point of beginning. Containing 1.156 acres of land, more or less.

SUBJECT TO a certain easement and right of way agreement between Niagara Mohawk Power Corporation and Erie County Water Authority dated December 27, 1972 for a 30" water transmission main, said agreement being recorded in the Erie County Clerk's Office in Liber 8730 of Deeds at page 382; and also,

SUBJECT TO Notices of Appropriation filed in the Erie County Clerk's office; and also,

SUBJECT TO any other instruments or matters of record.

SCHEDULE "B"

EASEMENT

THIS INDENTURE, made this day of 20 , between [INSERT ISKALO ENTITY NAME], a [INSERT ENTITY ORGANIZATIONAL INFORMATION] with offices at Harbinger Square, 5166 Main Street, Williamsville, New York, 14221, ("Grantor"), and **NIAGARA MOHAWK POWER CORPORATION**, a New York corporation, having an address at 300 Erie Boulevard West, Syracuse, New York 13202 ("Grantee"),

WITNESSETH:

That Grantor, in consideration of ONE DOLLAR AND MORE (\$1.00 & More) lawful money of the United States paid by Grantee, does hereby grant and release unto Grantee, its successors and assigns forever, the perpetual right, privilege and easement, at any time and from time to time, without further payment therefor, to pass and repass, on foot and in vehicles and with machinery and equipment, in, upon, over, under and across that portion of the lands of Grantor described below (the "Easement Area"), and the highways abutting or running through the said lands of Grantor, for the purpose of access to and egress from that certain 26.5 foot easement area (which area is reserved by Grantee in a deed to Grantor of even date and recorded herewith) in connection with Grantee's exercise of any easement rights so reserved in said deed.

The **Easement Area** is described as follows:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Cheektowaga, County of Erie and State of New York, being part of Lot No. 15, Township 11, Range 7 of the Holland Land Company's survey, bounded and described as follows:

BEGINNING at a point in the easterly line of lands now or formerly owned by Jacob and Katy Pfohl at the northwest corner of lands conveyed to the International Railway Company by a certain deed recorded in the Erie County Clerk's Office in Liber 1561 of Deeds at Page 182; thence easterly along the northerly line of said Railway Company lands approximately eight hundred thirty-nine and thirty-four one-hundredths (839.34) feet to the center line of Union Road; thence northerly along the center of Union Road approximately 20 feet to a point; thence westerly, along a line running parallel with the aforementioned northerly line of said Railway Company lands and being 20 feet northerly therefrom as measured at right angles thereto, to the aforementioned easterly line of lands now or formerly of Jacob and Katy Pfohl; thence southerly along the easterly line of said Pfohl approximately 20 feet to the point of beginning.

SUBJECT TO Notices of Appropriation filed in the Erie County Clerk's office; and also,

SUBJECT TO certain easements conveyed to the Erie County Sewer District No. 1 and

recorded in the Erie County Clerk's Office in Liber 6730 of Deeds at page 164; Liber 6877 of Deeds at page 367; and Liber 6932 of Deeds at page 561; and also,

SUBJECT TO any other instruments or matters of record.

Together with, any right, title, and interest in and to that portion of the above described 20 foot wide strip as may lie within the bounds of Union Road as now or originally laid out, or as may be laid out in the future.

Together with the perpetual right, privilege and easement to place, replace, renew, repair, maintain, operate and remove any electrical facilities that the Grantee herein may from time to time deem appropriate and necessary to provide electric service to the adjoining lands of the Grantor.

Together with the perpetual right, privilege and easement to clear the Easement Area of obstructions and structures (except those underground sewer structures permitted pursuant to existing easement rights of the Erie County Sewer District No. 1), and to trim, cut and remove any and all trees and brush, either mechanically or by the use of approved herbicides, within the bounds of the Easement Area, and also any and all trees and brush beyond the bounds of the Easement Area which, in the sole judgment of the Grantee, may be a source of danger to the Grantee's electric facilities, all as the Grantee may from time to time deem necessary; and together with the further right of access to and from the Easement Area across adjoining lands of the Grantor for the purposes herein stated.

The said Grantor, as an undertaking and covenant running with the land for itself, its heirs, representatives, successors and assigns, hereby covenants and agrees with respect to the Easement Area that:

- (a) No buildings or other above-ground structures shall ever be erected, moved or placed upon or permitted to be erected, moved or placed upon said Easement Area, nor shall any trees be planted thereon.
- (b) No equipment, mechanical or otherwise, any part of which may extend within fifteen feet of the lowest electric conductor constructed, maintained and operated over said Easement Area or the 26.5 foot easement area referred to hereinabove shall be used, operated or moved over, across and along said Easement Area; provided, however, that normal passage of vehicular and pedestrian traffic through the Easement Area shall be allowed.
- (c) No materials or equipment (other than temporary parking of passenger vehicles) shall be stored or permitted to be stored upon said Easement Area.
- (d) The grade of said Easement Area as same now exists shall not be disturbed (except that Grantee acknowledges that Grantor may install paving for future driveways to traverse the Easement Area, provided that Grantor shall maintain the existing grade for said driveways) nor shall any excavating, mining or blasting be undertaken within the bounds

thereof.

- (e) Grantor shall not have the right to relocate the Easement Area or amend or modify the Easement without Grantee's written consent, and no acts shall be permitted within the Easement Area inconsistent with the rights and easements granted herein.

Except as expressly provided herein, the use of the Easement and Easement Area by each of the parties hereto shall not interfere with the other party's (or such party's successors' or assigns') use and enjoyment of the Easement Area.

TO HAVE AND TO HOLD the premises and rights herein granted unto the Grantee, its successors and assigns forever.

Said Grantor further covenant with respect to the premises heretofore designated as the Easement Area, the following:

1. That the said Grantor are seized of said premises in fee simple and have good right to grant and convey the above-described rights, privileges and easements.
- 2 That the Grantee shall quietly enjoy the said premises.

The Grantee, its successors and assigns, are hereby expressly given and granted the right to assign this Easement, or any part thereof, or interest therein, and the same shall be divisible between or among two or more owners, as to any right or rights created hereunder, so that each assignee or owner shall have the full right, privilege, and authority herein granted, to be owned and enjoyed either in common or severally. This Easement is a commercial easement in gross and shall at all times be deemed to be and shall be a continuing covenant running with the Grantor's Land and shall inure to and be binding upon the successors, heirs, legal representatives, and assigns of the parties named herein.

IN WITNESS WHEREOF, the Grantor have hereunto set their hands and seals the day and year first above written.

BY: _____
(Sign)

(Print Name and/or Title if Corporation)

BY: _____
(Sign)

(Print Name and/or Title if Corporation)

On this day of , 20 , before me, the undersigned a Notary Public in and for said State, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

STATE OF NEW YORK }
COUNTY OF } SS.:

Notary Public

EASEMENT

INSERT ISKALO ENTITY NAMEJ

to

**NIAGARA MOHAWK
POWER CORPORATION**

ated:

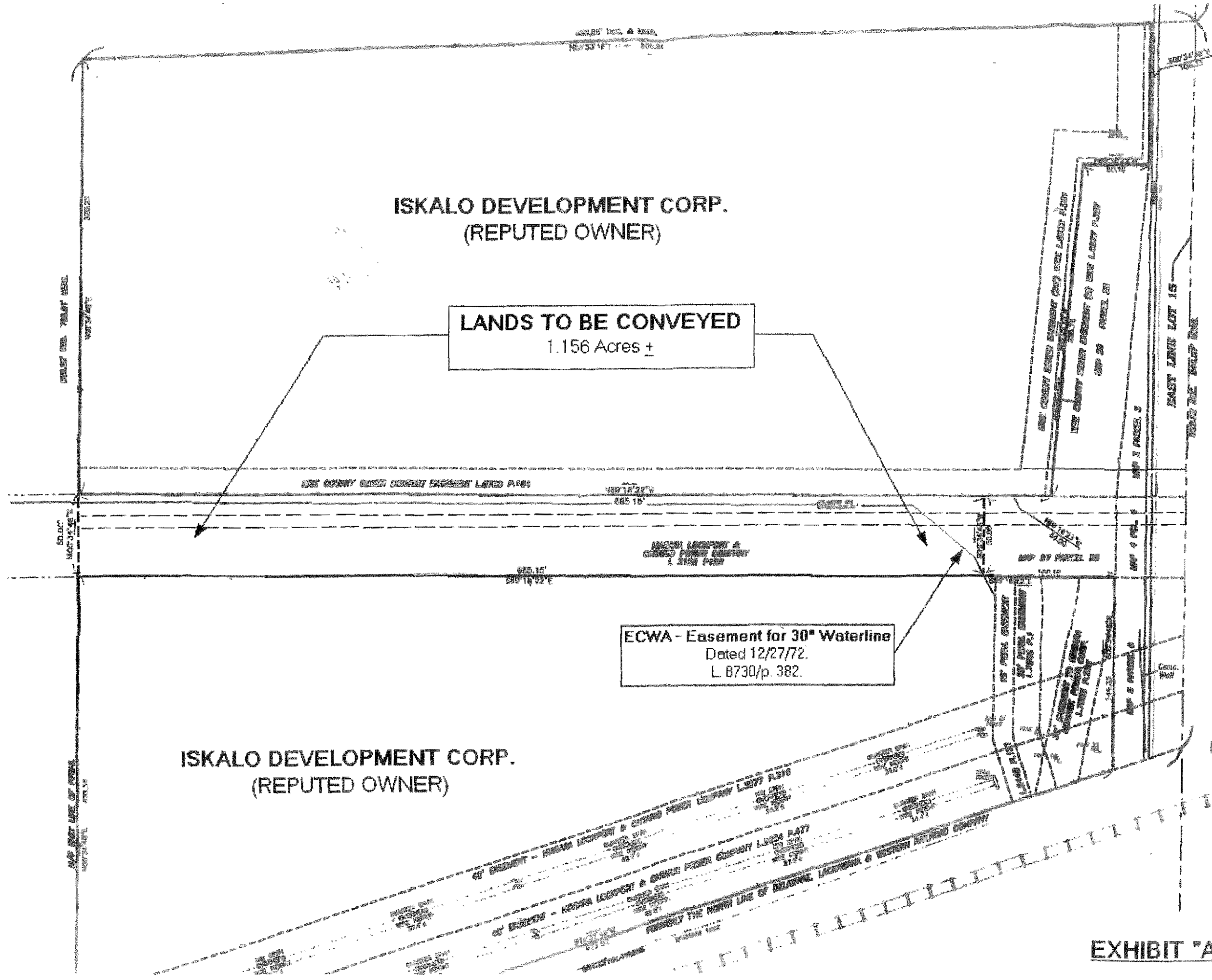
TER RECORDING, RETURN TO:

SCHEDULE "C"

Description of Easement to be Reserved by the Seller (Easement Area No. 2)

RESERVING UNTO THE GRANTOR, its successors and assigns forever, the perpetual right, privilege and easement over, upon, across and under a strip of land 26.5 feet in width, being the northerly-most 26.5 feet of the aforementioned premises to be conveyed, to construct, reconstruct, replace, renew, repair, maintain, operate and remove electric and/or communication lines, including such poles, wires, conductors, cables, conduits, guys, stubs, anchors, appliances and all other appurtenances incident to said lines for the transmission and distribution of electric energy or communication signals as Seller, its successors and assigns, in its or their own sole discretion, may now and at any time, and from time to time in the future, deem necessary or desirable. It is hereby intended that this reservation affects to the entire aforementioned premises to be conveyed running to the center of Union Road as now, originally, or at any time hereafter may be laid out.

The Grantor hereby agrees that, for the benefit of the Grantee, any future poles, other above-ground supports, or underground facilities installed within the above described easement strip shall be wholly confined to the northerly 16.5 feet of the above described 26.5 foot wide easement strip, unless Grantor obtains the prior written consent of the Grantee, such consent shall not be unreasonably withheld.



R O A D

U N I O N

EXHIBIT "A"

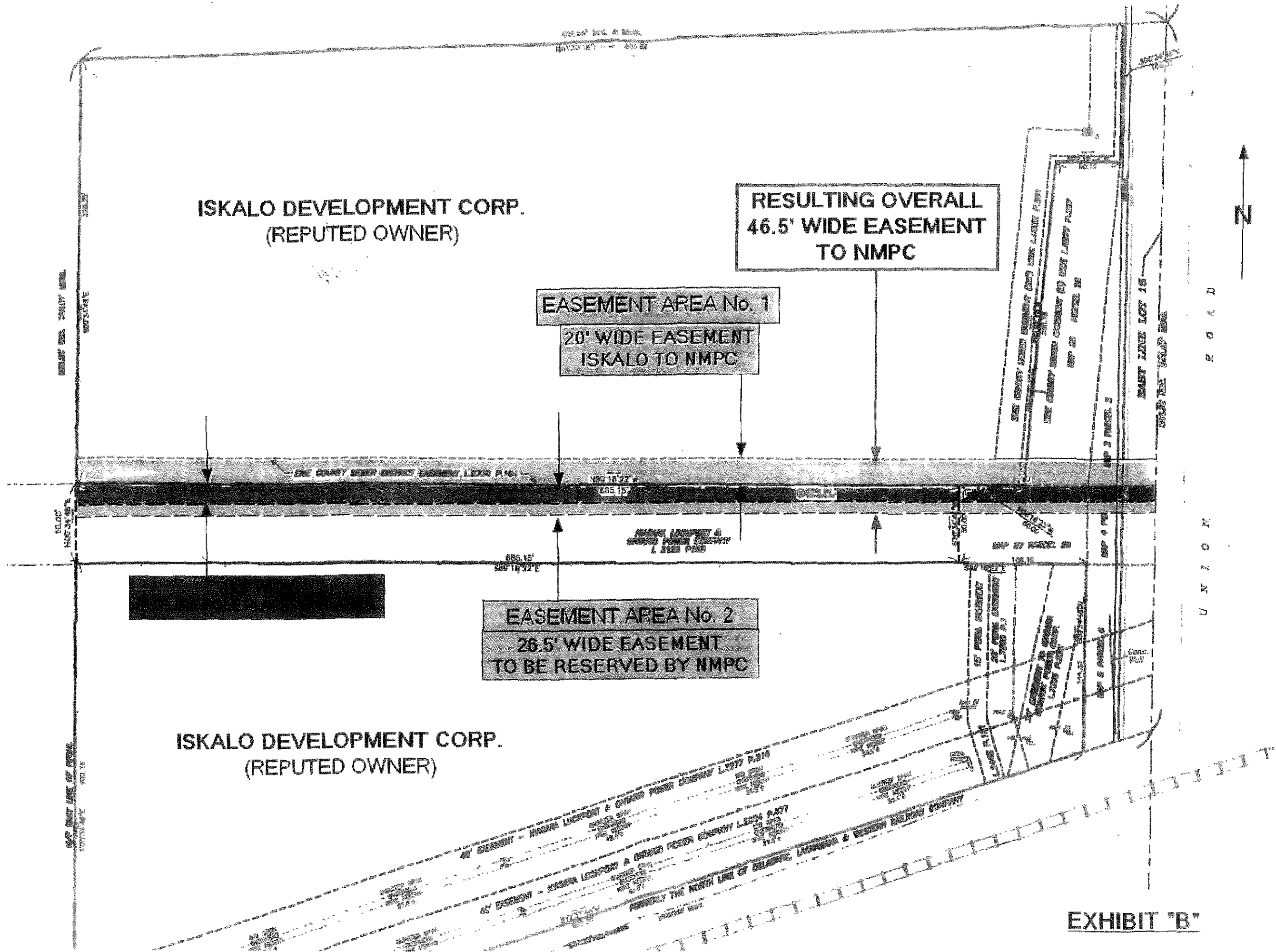


EXHIBIT "B"

EXHIBIT "C"

INSURANCE REQUIREMENTS

1. From the commencement of the Agreement, through final expiration or longer where specified below, Purchaser shall provide and maintain, at its own expense, insurance policies, intended to be primary (with no right of contribution by any other coverage available to National Grid USA its direct and indirect parents, subsidiaries and affiliates (the "Insured Entities")), covering all Operations, Work and Services to be performed under or in connection with this Agreement, issued by reputable insurance companies with an A.M. Best Rating of at least B+, which at least meet or exceed the requirements listed herein:

- (a) **Workers' Compensation and Employers Liability insurance** as required by the State in which the work activities under this Agreement will be performed. If applicable, Coverage shall include the U.S. Longshoreman's and Harbor Workers Compensation Act, and the Jones Act. The employer's liability limit shall be at least \$500,000 each per accident, per person disease, and disease by policy limit.

If Purchaser is exempt from having to obtain and maintain workers' compensation coverage due to their legal status as a sole proprietor or partnership, Purchaser shall obtain:

1. Long term disability insurance covering any illness or injury incurred in connection with this Agreement that prevents Purchaser from working, with benefits of at least 50% of the Purchaser's monthly income on the last day before the disability begins.
2. Health Care Insurance, covering any loss occasioned by bodily injury, sickness or disease, and medial expense, with limits, coverage, deductibles, co-insurance payments, and any other cost sharing features customarily maintained by other entities of a similar size and business nature.

- (b) **Commercial General Liability (CGL) Insurance**, covering all operations to be performed by or on behalf of Purchaser under or in connection with this Agreement, with minimum limits of:

Bodily Injury (BI)	- \$1,000,000 per occurrence
Real Property Damage (PD)	- \$ 500,000 per occurrence
OR	
Combined Single Limit	- \$1,000,000 per occurrence
OR	
BI & PD per Occurrence	- \$1,000,000
General Aggregate & Product Aggregate	- \$2,000,000 each

- Coverage shall include: contractual liability (with this Agreement, and any associated verbal agreements, being included under the definition of "Insured Contract" thereunder), products/completed operations, and if applicable, explosion, collapse and underground (XC&U).
- If the products-completed operations coverage is written on a claims-made basis, the retroactive date shall not precede the effective date of this Agreement and coverage shall be

maintained continuously for the duration of this Agreement and for at least two years thereafter.

- Additional Insured as required in Article 3 below,
- The policy shall contain a separation of insured's condition.
- In the event Purchaser is a governmental entity such as a Town, County, Municipality etc., and such entity's liability to a third party is limited by law, regulation, code, ordinance, by-laws or statute (collectively the "Law"), this liability insurance shall contain an endorsement that waives such Law for insurance purposes only and strictly prohibits the insurance company from using such Law as a defense in either the adjustment of any claim, or in the defense of any suit directly asserted by an Insured Entity.

- (c) **Automobile Liability**, covering all owned, non-owned and hired vehicles used in connection with all operations, work or services to be performed by or on behalf of Purchaser under or in connection with this Agreement with minimum limits of:

Bodily Injury - \$500,000 per occurrence; 1,000,000 aggregate
Real Property Damage - \$500,000 per occurrence
OR
Combined Single Limit - \$1,000,000 per occurrence

Additional Insured as required in Article 3 below.

- (d) **Umbrella Liability or Excess Liability** coverage, with a minimum per occurrence limit of \$4,000,000. This coverage shall run concurrent to the CGL required in Article 1(b) above, shall apply excess of the required automobile, CGL and employer's liability coverage required in this Insurance Exhibit, and shall provide additional insured status as outlined in Article 3 below.
- (e) **Watercraft Liability**, if used in connection with this Agreement, with the same minimum limits of liability as outlined in requirement 1(b) above, and naming the Insured Entities, including their officers and employees, as additional insured as outlined in article 3.
- (f) **Aircraft Liability**, if used in connection with this Agreement, with a limit of liability of not less than \$10,000,000 combined single limit per occurrence, and naming the Insured Entities, including their officers and employees, as additional insured's as required in Article 3 below. Such coverage shall not include a per-passenger or per seat coverage limit.
- (g) **Contractors Pollution Liability (CPL)**: covering any sudden and accidental pollution liability which may arise out of, under, or in connection with this Agreement, including all operations to be performed by or on behalf of Purchaser, or that arise out of the Purchaser's use of any owned, non-owned or hired vehicles, with a minimum liability limit of:

Bodily Injury (BI) - \$1,000,000 per occurrence
Real Property Damage (PD) - \$ 500,000 per occurrence
OR
Combined Single Limit - \$1,000,000 per occurrence

This requirement may be satisfied by providing either this CPL policy, which would include naming the Insured Entities, including their officers and employees, as additional insured's as outlined in Article 3 below; OR by providing coverage for sudden and accidental

pollution liability under the CGL and commercial automobile insurance policies required above - limited solely by the Insurance Services Organization (ISO) standard pollution exclusion, or its equivalent.

In the event Purchaser is unable to secure and/or maintain any or all of this sudden and accidental pollution liability coverage, Purchaser agrees to indemnify and hold the Insured Entities harmless against any and all liability resulting from any coverage deficiency that is out of compliance with this insurance requirement.

- (h) **Risk of Loss:** Purchaser shall be responsible for all risk of loss to its equipment and materials, and any other equipment and materials owned by its employees or by other third parties that may be in their care, custody and control. If this coverage is excluded from the Commercial General Liability policy, then coverage will be acceptable under Purchaser's Real Property policy.

In the event that any equipment or materials (Goods) are supplied by the Insured Entities, an Insured Entities representative will provide the insurable value of the Goods to Purchaser in writing, both cumulatively and on a maximum per item basis. Purchaser will provide replacement cost insurance for these Goods under a blanket builder's risk policy, an equipment floater, or other equivalent coverage, while such Goods are under the care, custody and control of Purchaser. Such insurance shall cover all Goods outlined in the Agreement or as noted on subsequent contract amendments. The coverage limit shall apply on either a per location basis or a maximum per item basis, and shall name the Insured Entities, as a Loss Payee with respect to their insurable interest as required in Article 3 below.

- (i) **Homeowners/Sole Proprietors Insurance:** In the event that Purchaser is either a homeowner or sole proprietor, the requirements in section 1 A and D do not apply. However, these requirements do apply to any contractors that have been hired by Purchaser to perform any work activities on the premises as defined in this Agreement.

In addition, if a Homeowners insurance company will not provide the additional insured status to National Grid as required in section 3, Purchaser agrees to indemnify and hold harmless the Insured Entities for any liability that would have otherwise been covered had the insurance carrier recognized the additional insured status.

- (j) **Limits:** Any combination of Commercial General Liability, Automobile Liability and Umbrella Liability policy limits can be used to satisfy the limit requirements in items 1 b, c & d above.

If the term of this agreement is longer than five (5) years, in the fifth year, and every five (5) years thereafter, the Commercial General Liability and Umbrella/Excess Liability insurance limits required above shall be increased by the percentage increase in the Consumer Price Index from the month the Agreement was executed to the month immediately preceding the first month of the year in which the increase is required.

2. **Self-Insurance:** Proof of qualification as a qualified self-insurer, if approved in advance in writing by an Insured Entities representative, will be acceptable in lieu of securing and maintaining one or more of the coverages required in this Insurance Section. Such acceptance shall become a part of this insurance provision by reference herein.

For Workers' Compensation, such evidence shall consist of a copy of a current self-insured certificate for the State in which the work will be performed.

In order for self insurance to be accepted, Purchaser's unsecured debt must have a financial rating of at least investment grade. For purposes of this section, "Investment Grade" means (i) if Purchaser has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to or better than "BBB-" and a Credit Rating from Moody's equal to or better than "Baa3"; (ii) if Purchaser has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to or better than "BBB-" or a Credit Rating from Moody's equal to or better than "Baa3"; or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then the equivalent credit rating assigned to an entity by such additional or alternative rating agency that is equal to or better than "BBB-" from S&P and/or "Baa3" from Moody's.

3. **Additional Insured and Loss Payee:** The intent of the Additional Insured requirement under the CGL, Auto, CPL, Umbrella/Excess, Aircraft and Watercraft policies is to include the Insured Entities, their directors, officers and employees, as Additional Insured's for liabilities associated with, or arising out of, all operations, work or services to be performed by or on behalf of Purchaser, including ongoing and completed operations, under this Agreement. The following language should be used when referencing the additional insured status: **National Grid USA, its subsidiaries and affiliates shall be named as additional insured.**

The Loss Payee language, as required in article 1.h above, shall read as follows: **National Grid USA, its subsidiaries and affiliates shall be included as a Loss Payee as their interest may appear.**

To the extent Purchaser's insurance coverage does not provide the full Additional insured coverage as required herein, Purchaser agrees to indemnify and hold harmless the Insured Entities against any and all liability resulting from any deficiency in Purchaser's insurance coverage that may be out of compliance with this insurance requirement.

4. **Waiver of Recovery:** Purchaser and its insurance carrier(s) shall waive all rights of recovery against the Insured Entities and their directors, officers and employees, for any loss or damage covered under those policies referenced in this insurance provision, or for any required coverage that may be self-insured by. To the extent Purchaser's insurance carriers will not waive their right of subrogation against the Insured Entities, Purchaser agrees to indemnify the Insured Entities for any subrogation activities pursued against them by Purchaser's insurance carriers. However, this waiver shall not extend to the gross negligence or willful misconduct of the Insured Entities or their employees, sub-contractors or agents.
5. **Contractors:** In the event Purchaser uses Contractors in connection with this Agreement, it is expressly agreed that Purchaser shall have the sole responsibility to make certain that all Contractors are in compliance with these insurance requirements and remains in compliance throughout the course of this Agreement, and thereafter as required. Purchaser shall remain liable for the performance of the Contractor, and such sub-contract relationship shall not relieve Purchaser of its obligations under this agreement.

Unless agreed to in writing by the Risk Management Department of National Grid USA Service Company, any deductible or self insured retentions maintained by any Contractor, which shall be for the account of the Contractor, and shall not exceed \$100,000. In addition, Contractor shall name both the Purchaser and National Grid USA, (including their subsidiaries, affiliates, officers and employees), as additional insured's under the Commercial General Liability and Umbrella/Excess Liability insurance. If requested by National Grid, Purchaser shall provide National Grid with an insurance certificate from its Contractor evidencing this coverage.

In the event any Contractor is unable to maintain all of the same insurance coverage as required in this insurance article, Purchaser agrees to indemnify and hold the Insured Entities harmless against any and all liability resulting from any deficiency in Contractor's insurance coverage that may be out of compliance with these insurance requirements.

6. **Insurance Certification:** Upon execution of this Agreement, Purchaser shall promptly provide National Grid with (a) **Certificate(s) of Insurance** for all coverage's required herein at the following address:

National Grid
Attn: Risk Management Bldg. B-3
300 Erie Boulevard West
Syracuse, NY 13202

Such certificates, and any renewals or extensions thereof, shall outline the amount of deductibles or self-insured retentions which shall be for the account of Purchaser. Such deductibles or self-insured retentions shall not exceed \$100,000 unless agreed to in writing by the Risk Management Department of National Grid USA Service Company, whose approval shall not be unreasonably withheld, delayed or conditioned.

Purchaser shall provide National Grid with at least 30 days prior written notice of any cancellation or diminution of the insurance coverage required in this insurance article.

7. **Insurance Obligation:** If any insurance coverage is not secured, maintained or is cancelled and Purchaser fails immediately to procure other insurance as specified, National Grid has the right, but not the obligation, to procure such insurance and to invoice Purchaser for said coverage.
8. **Incident Reports:** Purchaser shall furnish the Risk Management Department of National Grid USA Service Company with copies of any non-privileged accident or incident report(s)(collectively, the "Documents") sent to Purchaser's insurance carriers covering accidents, incidents or events occurring as a result of the performance of all operations, work and services to be performed by or on behalf of Purchaser under or in connection with this Agreement, excluding any accidents or incidents occurring on Purchaser Real Property. If any of the National Grid Companies are named in a lawsuit involving the operations and activities of Purchaser associated with this Agreement, Purchaser shall promptly provide copies of all insurance policies relevant to this accident or incident if requested by National Grid. However, in the event such Documents are deemed privileged and confidential (Attorney Client Privilege), Purchaser shall provide the relevant facts of the accident or incident in a format that does not violate such Attorney Client Privilege.
9. **Other Coverage:** These requirements are in addition to any which may be required elsewhere in this Agreement. In addition, Purchaser shall comply with any governmental site specific insurance requirements even if not stated herein.
10. **Coverage Representation:** Purchaser represents that it has the required policy limits available, and shall notify National Grid USA Service Company's Risk Management Department in writing when the minimum coverage's required in this article herein have been reduced as a result of claims payments, expenses, or both. However, this obligation does not apply to any claims that would be handled solely with in Purchaser's deductible or self-insured retention.
11. **Responsibility:** The complete or partial failure of the Purchaser's insurance carrier to fully protect and indemnify the Insured Entities per the terms of the Agreement, including without limitation, this exhibit, or the inadequacy of the insurance shall not in any way lessen or affect the obligations of the Purchaser to the Insured Entities.

12. **Coverage Limitation:** Nothing contained in this article is to be construed as limiting the extent of the Purchaser's responsibility for payment of damages resulting from all operations, work and services to be performed by or on behalf of Purchaser under or in connection with this Agreement, or limiting, diminishing, or waiving Purchaser's obligation to indemnify, defend, and save harmless the Insured Entities in accordance with this Agreement.

ATTACHMENT B

ATTACHMENT C

EMMINGER, NEWTON, PIGEON & MAGYAR, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS

December 13, 2011

Mr. Mark Agle, P.L.S.
Supervisor, Real Estate
National Grid
144 Kensington Avenue
Buffalo, New York 14214
Mr. Steven D. Roth

Re: 3150 Union Road
Cheektowaga, New York 14227
ENPM File # 2010288

Dear Mr. Agle:

On December 7, 2011, a representative of Emminger, Newton, Pigeon & Magyar, Inc. re-inspected the above-captioned property for the purpose of providing a current opinion of the *Enhancement Value* to the subject property after the sale of the National Grid parcel, as of December 7, 2011 "As Is" Market Value in Fee Simple Title.

The subject property represents an irregular shaped tract of land being situated on the west side of Union Road in the Town of Cheektowaga, Erie County, New York. The site is located in an area of the township zoned "M-1"; Light Manufacturing District. Total land area prior to the addition of the sale parcel equals 410,916± square feet, or 9.43± acres.

The Appraisal Problem in this report is concerned with providing an opinion as to the enhancement value that will result from 38,023± square feet, or 0.87 acre of land area (sale parcel) being purchased and assembled to the subject property. "As Is", the subject site is bisected in an east/west direction by a utility corridor owned in fee simple title by Niagara Mohawk Power Corporation, d.b.a. National Grid. "As Is", due to the division of the site caused by the existence of the sale parcel, only the northerly portion (5.47± acres of land area) offers adequate development potential. The southerly portion (3.96± acres of land area) offers limited development potential due to its shape and steep topography above the road.

Iskalo Business Park, LLC plans on developing the subject site into a business/industrial park with several improvements being situated on the land. In order to maximize the property's potential, as well as provide proper vehicle circulation and off-street parking to the site, assemblage of the sale parcel to the subject is necessary.

Iskalo Business Park, LLC (owner of the subject) intends to purchase the sale parcel from National Grid and assemble the parcel to the subject site. The sale parcel is identified as Part of S.B.L. #102.04-3-46, which measures 60' x 633.72', thus encompassing 38,023± square feet, or 0.87± acre of land area. The sale parcel currently bisects the subject site nearly in half, limiting development potential almost only to the northerly portion. The subject ownership desires this parcel as it would maximize the development capabilities and utility of the overall site as the northerly and southerly sections would no longer be split in half.

The sale parcel is to be acquired in fee simple title by the subject's ownership.

After purchase of the sale parcel, Iskalo Business Park, LLC will issue a permanent easement over the sale parcel to National Grid in order for National Grid to retain its ability to operate and maintain any utility structures on this parcel.

Effects of the Purchase

The most obvious effect of the purchase of the sale parcel includes the addition of land area to the subject site. The sale parcel will add 38,023± square feet, or 0.87± acre of land area owned in fee simple estate to the subject site. This accumulation changes the subject's land area from 410,916± square feet, or 9.43± acres (Before) to 448,939± square feet, or 10.31± acres (After). It should be noted that the sale parcel will be encumbered by a permanent easement after the sale that contains 30,475± square feet, or 0.70± acre. This easement causes a reduction in the "bundle of rights" enjoyed by ownership. Based on the provided site plan, the sale parcel will be used for navigation of the site as well as off-street parking. No permanent building structure will be allowed in this area. The land area under easement is considered to be 50% damaged (50% remaining value).

In addition to the added land area, the overall utility of the subject site will be enhanced by the assemblage of the sale parcel, thus creating plottage. In the "Before" situation we addressed the utility issues facing the southerly portion of the subject site. This area was bisected from the northerly portion of the site due to the sale parcel being owned by an unrelated party in fee simple estate. It was determined that there was no possible or feasible access to this area of the site from Union Road due to the steep topography change above road grade caused by the railroad tracks to the south. This physical constraint ultimately restricted development potential to only the northerly portion of the site in the "Before" situation. Furthermore, based on the plans filed with the Town, the purchase of the sale parcel was necessary for the site's proposed use (industrial park) since there was inadequate parking arrangements, fire escape plans and vehicle circulation around the site in the "before" plans.

Therefore, with the addition of the sale parcel, the entire site will be uniformly bound with no apparent physical barriers preventing development from certain portions of the site. As a result of the assemblage, the subject site is considered to benefit from increased land area as well as greater utility of the land.

The Sales Comparison Approach is considered the most applicable valuation technique available when developing an opinion of the subject's market value in fee simple estate for both the "Before" and "After" situations. In the Sales Comparison Approach to Value, the marketplace has been researched for recent sales of properties similar to the subject. The difference of values between the two (2) valuation techniques represents the overall enhancement provided to the subject property after its purchase of the sale parcel.

Our opinion as of December 7, 2011 remains unchanged from our December 2010 report which is as follows

	<u>"BEFORE"</u>	<u>"AFTER"</u>
SALES COMPARISON APPROACH:	\$283,000	\$339,000
INCOME CAPITALIZATION APPROACH:	N/A	N/A
COST APPROACH:	N/A	N/A

December 13, 2011

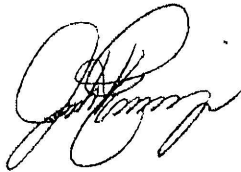
Page 2

Based on the above concluded values, the differential of **\$56,000** between the "Before" and "After" valuations represents the opinion of enhancement (plottage) value provided to the subject from its purchase and assemblage of the sale parcel.

This finding is for the exclusive use of National Grid, their affiliates, designates and assignees, for internal asset management purposes and no other party shall have any right to rely on any service provided by Emminger, Newton, Pigeon & Magyar, Inc. without prior written consent.

If you have any questions regarding this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,
EMMINGER, NEWTON, PIGEON & MAGYAR, INC.

A handwritten signature in black ink, appearing to read 'J. H. Emminger', written in a cursive style.

Joseph H. Emminger
President

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APPRAISAL REPORT – SUMMARY FORMAT

REAL ESTATE APPRAISAL OF:

**3150 Union Road
Town of Cheektowaga, New York**

ENPM File # 2010288

**CLIENT: NATIONAL GRID
144 Kensington Avenue
Buffalo, New York 14214**

**APPRAISER: EMMINGER, NEWTON, PIGEON & MAGYAR, INC.
950-A Union Road, Suite 213
Buffalo, New York 14224**

**Eric J. Sonnenberger
Appraiser
NYS Licensed Appraiser Assistant
#48-48649**

**Timothy J. Magyar
Vice President/Appraiser
NYS Certified General Appraiser
#46-41210**

**EFFECTIVE DATE
OF VALUE: December 27, 2010**

TYPE OF PROPERTY: Vacant Land and Electric Transmission Right-Of-Way

This report is for the exclusive use of National Grid, their affiliates, designates and assignees, for the purpose intended as outlined within the report. No other party shall have any right to rely on any service provided by Emminger, Newton, Pigeon & Magyar, Inc. without prior written consent.

EMMINGER, NEWTON, PIGEON & MAGYAR, INC.
REAL ESTATE APPRAISERS AND CONSULTANTS

December 29, 2010

Mr. Mark Agle, P.L.S.
Supervisor, Real Estate
National Grid
144 Kensington Avenue
Buffalo, New York 14214

Re: 3150 Union Road
Cheektowaga, New York 14227
ENPM File # 2010288

Dear Mr. Agle:

We hereby certify:

That we have personally inspected the property herein appraised. We have also made a personal field inspection of the comparable sales relied upon, and all adjustments made to such comparables are based upon an observed comparison to the property herein appraised. The subject and the comparable sales relied upon in making said appraisal are as represented by the photographs contained in said appraisal. Digital Photographs utilized in this report have not been altered or modified in any manner.

To the best of our knowledge and belief the statements contained in the appraisal herein set forth are true and correct, and the information upon which the opinions expressed therein are based is correct; subject to the limiting conditions therein set forth.

The reported analyses, opinions and conclusions are limited only by the reported assumptions, limiting conditions and legal restrictions and are the personal, unbiased professional analyses, opinions and conclusions of the appraisers.

We understand that such appraisal may be used in conjunction with purchase negotiations of the sale parcel between Iskalo Business Park, LLC (subject parcel owner) and National Grid (sale parcel owner).

Neither our employment nor our compensation for making this appraisal and report are in any way contingent upon the analyses, opinions or conclusions reached or reported herein and we have no direct or indirect present or contemplated future interest in such property or in any way benefit from the acquisition of such property appraised.

That we have no personal interest or bias with respect to the parties involved. That we have not revealed the findings and the results of such appraisal to anyone other than the proper officials of National Grid.

CERTIFICATE OF APPRAISERS/LETTER OF TRANSMITTAL (continued)

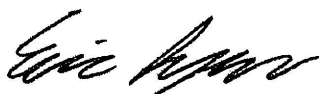
The opinion of the Market Value of the Iskalo (subject) site in Fee Simple Estate "Before" and "After" the sale of *National Grid* parcel is as follows:

"Before" Value Opinion:	\$283,000
"After" Value Opinion:	<u>\$339,000</u>
Difference:	\$ 56,000

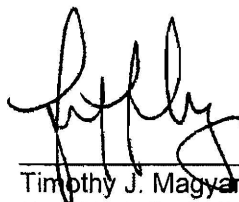
Our opinion of the *Enhancement* Value to the subject property after the sale of the National Grid parcel, as of December 27, 2010, is:

FIFTY SIX THOUSAND DOLLARS
(\$56,000)

December 29, 2010
(Date)



Eric J. Sonnenberger
New York State Licensed
Real Estate Appraiser
License #48-48649



Timothy J. Magyar
New York State Certified General
Real Estate Appraiser
Certificate #46-41210

ATTACHMENT D

Appendix C

State Environmental Quality Review

SHORT ENVIRONMENTAL ASSESSMENT FORM

For UNLISTED ACTIONS Only

PART I - PROJECT INFORMATION (To be completed by Applicant or Project Sponsor)

1. APPLICANT/SPONSOR Niagara Mohawk Power Corp. dba National Grid	2. PROJECT NAME Sale of Portion of Tax Parcel 102.04-3-46, Town of Cheektowaga
3. PROJECT LOCATION: Municipality <u>Cheektowaga</u> County <u>Erie</u>	
4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map) West side of Union Road, Tax Parcel 102.04-3-46, UTM Coordinates E 193328, N 4756423	
5. PROPOSED ACTION IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification/alteration	
6. DESCRIBE PROJECT BRIEFLY: Sale of a portion of Tax Parcel 102.04-3-46 to adjacent landowner. Parcel size to be sold is .87 acres.	
7. AMOUNT OF LAND AFFECTED: Initially <u>.87</u> acres Ultimately <u>.87</u> acres	
8. WILL PROPOSED ACTION COMPLY WITH EXISTING ZONING OR OTHER EXISTING LAND USE RESTRICTIONS? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe briefly	
9. WHAT IS PRESENT LAND USE IN VICINITY OF PROJECT? <input type="checkbox"/> Residential <input checked="" type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Agriculture <input type="checkbox"/> Park/Forest/Open Space <input type="checkbox"/> Other Describe: Zoned "M-1" Light Industrial	
10. DOES ACTION INVOLVE A PERMIT APPROVAL, OR FUNDING, NOW OR ULTIMATELY FROM ANY OTHER GOVERNMENTAL AGENCY (FEDERAL, STATE OR LOCAL)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: PSL Section 70 / NYS Public Service Commission	
11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, list agency(s) name and permit/approvals:	
12. AS A RESULT OF PROPOSED ACTION WILL EXISTING PERMIT/APPROVAL REQUIRE MODIFICATION? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: <u>National Grid</u> Date: <u>03/01/2012</u> Signature: By: <u>[Signature]</u> <u>FRANK SCARFINO / LEAD ENV ANALYST</u>	

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment

PART II - IMPACT ASSESSMENT (To be completed by Lead Agency)

A. DOES ACTION EXCEED ANY TYPE I THRESHOLD IN 6 NYCRR, PART 617.4? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, coordinate the review process and use the FULL EAF.
B. WILL ACTION RECEIVE COORDINATED REVIEW AS PROVIDED FOR UNLISTED ACTIONS IN 6 NYCRR, PART 617.6? If No, a negative declaration may be superseded by another involved agency. <input type="checkbox"/> Yes <input type="checkbox"/> No	
C. COULD ACTION RESULT IN ANY ADVERSE EFFECTS ASSOCIATED WITH THE FOLLOWING: (Answers may be handwritten, if legible) C1. Existing air quality, surface or groundwater quality or quantity, noise levels, existing traffic pattern, solid waste production or disposal, potential for erosion, drainage or flooding problems? Explain briefly: C2. Aesthetic, agricultural, archaeological, historic, or other natural or cultural resources; or community or neighborhood character? Explain briefly: C3. Vegetation or fauna, fish, shellfish or wildlife species, significant habitats, or threatened or endangered species? Explain briefly: C4. A community's existing plans or goals as officially adopted, or a change in use or intensity of use of land or other natural resources? Explain briefly: C5. Growth, subsequent development, or related activities likely to be induced by the proposed action? Explain briefly: C6. Long term, short term, cumulative, or other effects not identified in C1-C5? Explain briefly: C7. Other impacts (including changes in use of either quantity or type of energy)? Explain briefly:	
D. WILL THE PROJECT HAVE AN IMPACT ON THE ENVIRONMENTAL CHARACTERISTICS THAT CAUSED THE ESTABLISHMENT OF A CRITICAL ENVIRONMENTAL AREA (CEA)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, explain briefly:	
E. IS THERE, OR IS THERE LIKELY TO BE, CONTROVERSY RELATED TO POTENTIAL ADVERSE ENVIRONMENTAL IMPACTS? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, explain briefly:	

PART III - DETERMINATION OF SIGNIFICANCE (To be completed by Agency)

INSTRUCTIONS: For each adverse effect identified above, determine whether it is substantial, large, important or otherwise significant. Each effect should be assessed in connection with its (a) setting (i.e. urban or rural); (b) probability of occurring; (c) duration; (d) irreversibility; (e) geographic scope; and (f) magnitude. If necessary, add attachments or reference supporting materials. Ensure that explanations contain sufficient detail to show that all relevant adverse impacts have been identified and adequately addressed. If question D of Part II was checked yes, the determination of significance must evaluate the potential impact of the proposed action on the environmental characteristics of the CEA.

- ☐ Check this box if you have identified one or more potentially large or significant adverse impacts which **MAY** occur. Then proceed directly to the FULL EAF and/or prepare a positive declaration.

☐ Check this box if you have determined, based on the information and analysis above and any supporting documentation, that the proposed action **WILL NOT** result in any significant adverse environmental impacts **AND** provide, on attachments as necessary, the reasons supporting this determination.

Name of Lead Agency

Date

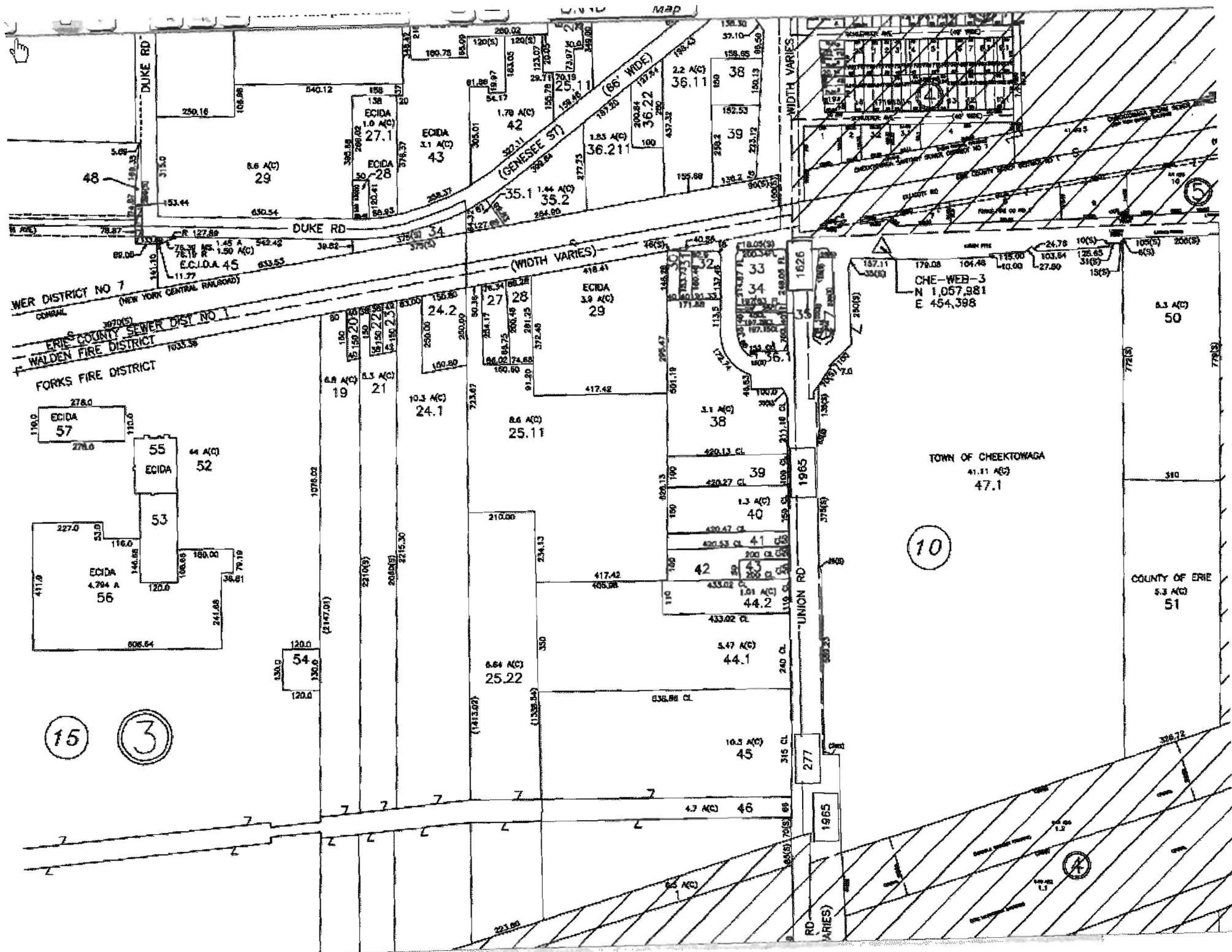
Print or Type Name of Responsible Officer in Lead Agency

Title of Responsible Officer

Signature of Responsible Officer in Lead Agency

Signature of Preparer (If different from responsible officer)

Reset



Go To XY (Meters)

X: 193,328

Y: 4,756,423

3101R-5

3101R-6

3161R

3171R

+

7.3

7.2

7.1

27

7

8

28

Fed
Wetland

9

29

Walden-Ledyard 702

10

30

3030R1

3030R1

161R

160R

55R

Station 066

Walden-Ledyard 702; Erie Co. Water Tap

UNION RD

PRIVATE DR

Gardenville Symington 714
Gardenville - Depew 54

41

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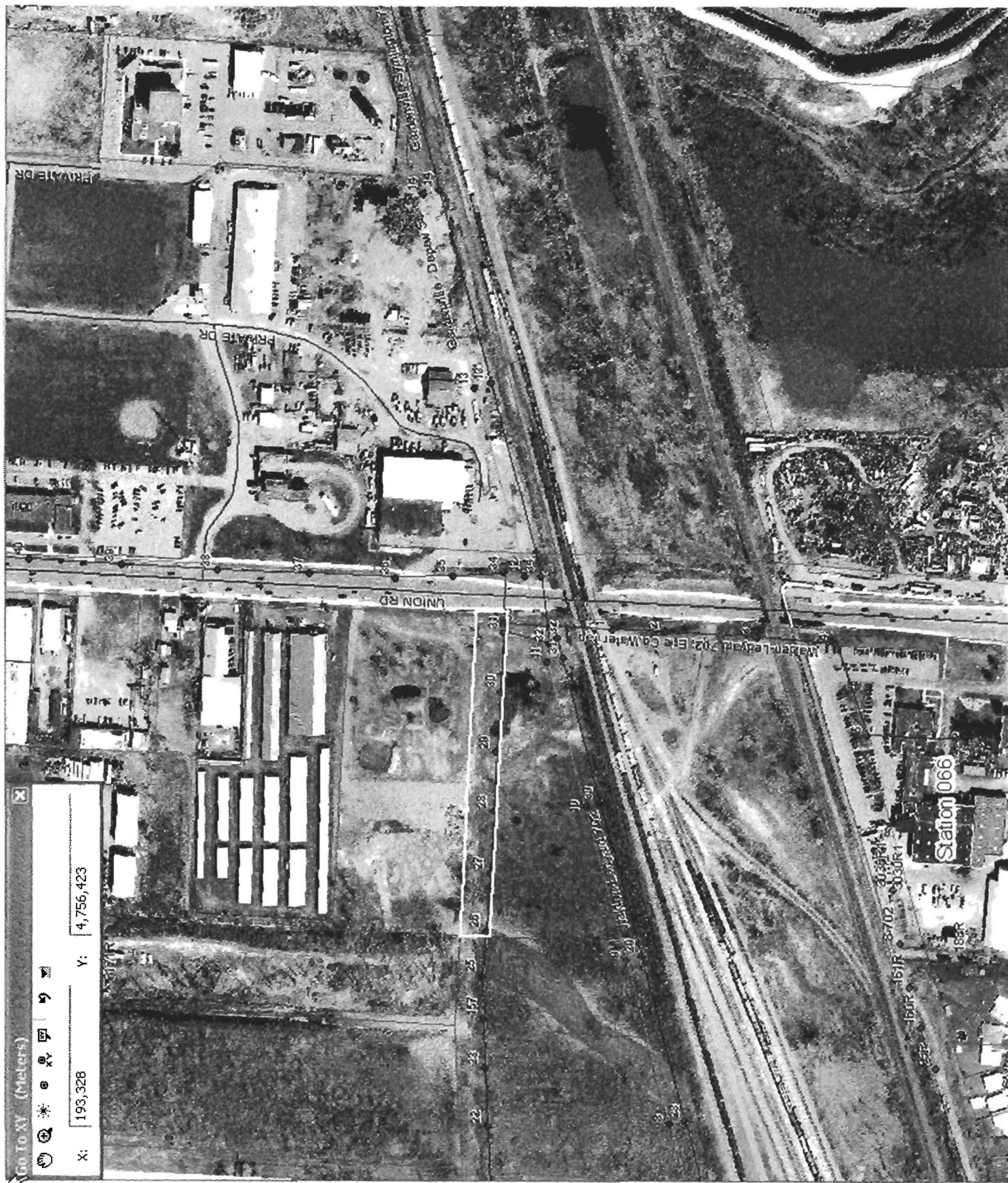
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ATTACHMENT E

Niagara Mohawk Power Corporation d/b/a National Grid
Proposed Accounting for Gain on Sale of .991 Acres of Real Property
at Union Road in Town of Cheektowaga

Sales Proceeds	\$56,000.00
Original Cost of Real Property	\$7.44
CWIP/RWIP Spending on Location	\$512.25
Gain on Sale of Real Property	<u><u>\$55,480.31</u></u>

	FERC Account	PowerPlant Account	Debit	Credit
Accumulated Provision for Depreciation	108000		\$7.44	
Electric Plant in Service - Land	101000	35030		\$7.44
<i>To record retirement of real property being sold</i>				
Cash	131000		\$56,000.00	
Accumulated Provision for Depreciation	108000			\$56,000.00
<i>To record sales price</i>				
Accumulated Provision for Depreciation	108000		\$55,992.56	
Other Regulatory Assets - SIR Deferral	182559			\$55,992.56
<i>To transfer gain on sale to offset SIR Deferral</i>				
Other Regulatory Assets-SIR Deferral	182559		\$512.25	
CWIP	107000			\$0.00
RWIP	108001			\$512.25
<i>To reduce the amount for the SIR deferral account based on work being done on this facility for the sale.</i>				