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WASHINGTON, D.C.

January 25, 2007

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Hon. Jaclyn A. Brilling, Secretary
Public Service Commission of the State of New York
Three Empire State Plaza
Albany, New York 12223

RE: Case 07-E-_____

Dear Secretary Brilling:

Enclosed, for filing with the Commission, is a Notice of Central Hudson Gas & Electric Corporation Under Public Service Law Section 70 of the Proposed Transfer of the Groverville Mills Hydroelectric Facility and, in the Alternative, Petition of Central Hudson Gas & Electric Corporation and Lower Saranac Corporation for Authority Under Public Service Law Section 70 and for Related Approvals.

In the Notice, Central Hudson is advising the Commission of Central Hudson's intention to transfer the 900kW Groverville Hydro Facility to Lower Saranac Corporation. As described in the attached Notice, the original cost of the facility was zero, and the original cost of the facility including betterments is \$94,000, with a net book value of \$78,000. Assuming that the Commission agrees that review under Section 70 is not required, Central Hudson is requesting that it be so advised at the Commission's earliest convenience.

In the alternative, should the Commission not agree that this proposed transaction does not require review under Section 70 of the Public Service Law, Central Hudson and Lower Saranac Corporation are requesting Commission approval of the proposed transfer under Section 70, and Central Hudson is requesting approval of the accounting described in the Petition. In this event, the Commission's expedited consideration is also respectfully requested.

Kindly note that a pdf version of the signature of Mr. Peisner, counsel for Lower Saranac Corporation, is contained in the enclosures. It is anticipated that the verification of Lower Saranac Corporation will be received by the undersigned tomorrow. The undersigned counsel for Central Hudson undertakes to provide original versions of those documents to your office at the earliest opportunity.

Respectfully submitted,

Robert J. Glasser

cc: Leonard van Ryn, Esq.
Mr. Douglas Lutz

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cw 149399.1

PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK

Notice of Central Hudson Gas & :
Electric Corporation Under Public : Case 07-E-
Service Law Section 70 of the :
Proposed Transfer of the Groverville :
Mills Hydroelectric Facility and, in :
the Alternative, Petition of Central :
Hudson Gas & Electric Corporation and :
Lower Saranac Corporation for :
Authority Under Public Service Law :
Section 70 and for Related Approvals. :

NOTICE IN ACCORDANCE WITH
SECTION 70 OF THE PUBLIC SERVICE LAW AND,
IN THE ALTERNATIVE, VERIFIED PETITION
AND REQUEST FOR EXPEDITED CONSIDERATION

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PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK

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Section 70 and for Related Approvals.	:	

NOTICE IN ACCORDANCE WITH
SECTION 70 OF THE PUBLIC SERVICE LAW AND,
IN THE ALTERNATIVE, VERIFIED PETITION
AND REQUEST FOR EXPEDITED CONSIDERATION

Preliminary Statement

This Notice in accordance with § 70 of the Public Service Law ("PSL") is submitted on behalf of Central Hudson Gas & Electric Corporation ("Central Hudson"). In the alternative, should the Commission determine that it will review the proposed transfer under § 70, Central Hudson and Lower Saranac Corporation ("Buyer") jointly request that the Commission promptly provide its written consent to the proposed transfer.

Notice Pursuant to PSL § 70

Central Hudson hereby notifies the Commission that it plans to complete the transfer of the 900 kW Groveville Mills Hydro Hydroelectric Facility ("Facility") located on the Fishkill Creek in Beacon, New York to Lower Saranac Corporation, c/o Enel North America, Inc., One Tech Drive, Andover, Massachusetts 01810 ("Buyer") pursuant to the Asset Purchase Agreement ("APA") dated January 24, 2007, annexed hereto as Exhibit A.

The Facility was acquired by Central Hudson in 2000,¹ at zero original cost,² as a result of the settlement of litigation instituted by the former owner of the Facility. Subsequent betterments have brought the total original cost to \$94,312.³

In 1999, the Commission issued a Declaratory Ruling determining that the acquisition of the Facility by Central

¹ Since acquiring the Facility, Central Hudson has utilized the Facility's output as a "load modifier," thereby reducing the level of purchases it makes from the NYISO. The effects have been small, however, due to the small size of the Facility and its variable operational characteristics as a "run of the river" hydro facility.

² The Uniform System of Accounts defines original cost of electric plant as the "cost of such property to the person first devoting it to public service." Inasmuch as PSL §2(4) excludes an entity generating electricity from "small hydro or alternate energy production facilities" from the definition of "person," and the former owner was such an entity, Central Hudson was the person first devoting the property to public service. Inasmuch as Central Hudson acquired the property at essentially no cost, it was properly reflected on Central Hudson's books initially at zero cost.

³ Complete accounting entries for the Facility, in response to the Commission's Regulations at 16 NYCRR Part 31.1, are set forth in Exhibit B.

Hudson would not conflict with Central Hudson's Restructuring Settlement Agreement.⁴

This situation calls for a "realistic appraisal."⁵ As the Commission noted in Carr Street,⁶ "[e]ven if an entity could theoretically comply with a statutory provision, a realistic appraisal requires an analysis of whether imposing the requirement is necessary to protect the public interest, or would instead adversely affect the public."⁷ In view of the zero original cost, the small size (approximately 900kW) and the current gross and net book values of the Facility of less than \$100,000,⁸ Central Hudson submits that the Commission should decide that the public interest does not require the Commission's review of the transfer.⁹ In this case, as in Carr Street, the proposed transaction will produce "no harm to the interests of captive utility ratepayers."¹⁰ In addition, subjecting to regulatory scrutiny a transaction actually not warranting the

⁴ See, Case 99-E-1530, Declaratory Ruling On Acquisition Of A Small Hydro Facility (Issued and Effective December 31, 1999) ("Acquisition Order"), at note 1.

⁵ See: Carr Street Generating Station, L.P., Case 98-E-1670, Order Providing for Lightened Regulation (Issued and Effective April 23, 1999) ("Carr Street") at 4.

⁶ Although the Carr Street entity has a different business than Central Hudson, both are "electric corporations" within PSL § 2(13) (Carr Street, supra, at 6), and to that extent the Carr Street reasoning is applicable here.

⁷ Carr Street at 5; Commission footnote omitted.

⁸ The current net book value is \$78,441. See Exhibit B.

⁹ A further description of the proposed transfer is contained in the subsequent portions of this submission.

¹⁰ Carr Street at 8.

commitment of public resources would adversely affect the public.

Assuming that the Commission agrees that the proposed transaction need not be subject to §70 review, Central Hudson respectfully requests that the Commission advise at its earliest convenience, prior to the expiration of the ninety day period set forth in PSL § 70, that it will not review the transaction, so that the transaction may proceed to closing as soon as possible.

Joint Petition Pursuant to PSL § 70

In the alternative, should the Commission not agree that the proposed transaction need not be subject to §70 review, Central Hudson and Lower Saranac Corporation, c/o Enel North America, Inc., One Tech Drive, Andover, Massachusetts 01810 ("Buyer")¹¹ petition the Commission for approval, pursuant to § 70 of the Public Service law ("PSL") and 16 NYCRR § 31.1 of the Commission's Regulations, of the transfer of Facility to Buyer pursuant to the Asset Purchase Agreement ("APA") dated January 24, 2007, annexed hereto as Exhibit A. Central Hudson also seeks the Commission's approval of the accounting described subsequently in this petition.

¹¹ Central Hudson and Buyer are referred to herein jointly as the "Petitioners."

Communications concerning this petition should be
addressed to:

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In support of their petition, Petitioners respectfully show:

1. In 1982, Central Hudson entered into a twenty-year contract with United American Hydro Power Group ("UAHG") for the purchase of the output from a proposed hydroelectric project being developed by UAHG at Groveville Mills on the Fishkill Creek, in Beacon, Dutchess County, New York.
2. The contract included, among other things, a "front-end loaded" payment schedule that provided above-market, above-avoided cost payments to the developer for power produced by the Facility initially, and also for lower prices in subsequent years. The payment provisions also included a balancing test, to assure that the early above-avoided cost payments would be recouped through subsequent lower prices in later years. A present value analysis was established for the balancing test.
3. The contract was filed with the Commission by Central Hudson under cover of letter dated May 25, 1982 and was approved by the Commission by a Letter Order (Issued June 15, 1982).

4. In 1995, because Central Hudson's avoided cost had remained below \$0.08 (and closer to \$0.06), Central Hudson advised UAHG that UAHG had received more than \$800,000 in payments in excess of the payments due UAHG under the present value test, and of the contract provision effectively requiring a reduction in the going-forward price (to \$0.02/kwh).

5. UAHG thereupon filed a voluntary petition in bankruptcy and sought a declaration from the federal Bankruptcy Court that Central Hudson's actions would destroy the bankrupt's estate. The effect of HUAG's actions was to cause the Federal Bankruptcy Court to determine the price that Central Hudson was obligated to pay under the contract. UAHG essentially sought elimination of the present value balancing test, and reformation of the contract by the Bankruptcy Court to require Central Hudson to pay only the greater of \$0.08/kwh or 90% of the Company's avoided cost. That position would have which would have resulted in UAHG retaining over \$800,000 in revenues substantially in excess of avoided cost and potentially greater excessive revenues if actual avoided costs remained below

\$0.08/kwh (as Central Hudson had forecast), and Central Hudson vigorously defended the litigation.

6. Following a trial, the Bankruptcy Court held that the price Central Hudson was required to pay UAHG prospectively was reduced to \$0.00/kwh.
7. While the case was on appeal, a Settlement was eventually reached between the parties, and submitted to the Bankruptcy Court for approval. During this time period, Central Hudson sought the Commission's approval for the acquisition of the Facility "at essentially no cost." The Commission's approval was granted in the Acquisition Order issued December 31, 1999. The Acquisition Order, among other things, stated that the "[a]ccounting and ratemaking treatment for costs related to the settlement with UAHC, the acquisition of the facility, and its operation, if prudent, will therefore be decided at a later time."
8. On August 28, 2000 the Bankruptcy Court approved the Settlement.
9. Shortly thereafter, title to the Groveville Mills Facility was transferred to Central Hudson.

10. Since acquiring the Facility, Central Hudson has utilized the Facility's output to as a "load modifier," thereby reducing the level of purchases it makes from the NYISO. The effects have been small, however, due to the small size of the Facility and its variable operational characteristics as a "run of the river" hydro facility.
11. The Facility's license under Part I of the Federal Power Act was transferred to Central Hudson, pursuant to an Order Approving Transfer of License from UAH-Groveville Associates to Central Hudson Gas & Electric Corporation (Project No. 3511-011) issued on October 23, 2000 by the Federal Energy Regulatory Commission, see 93 FERC ¶ 62,070.
12. As shown in Exhibit B, between the acquisition of the Facility and December 31, 2006, there were a number of betterments to the Facility, which produced the current gross book value of \$94,000 and net book value of \$78,000. Information in response to subdivisions "f" through "l" of Part 31.1 of the Commission's Regulations is also set forth in Exhibit B.

13. In 2006, several years after the twenty year term of the original 1982 contract had run, Central Hudson decided to explore the sale of the Facility. In October 2006, letters soliciting expressions of interest in bidding on the Facility were sent by Central Hudson to ten firms. The firms included those identified as either owning hydroelectric facilities in the Northeast or potentially having an interest in purchasing hydroelectric assets.
14. Confidentiality agreements were subsequently entered into with six firms. Bid invitations and the proposed APA were sent to the six firms in November 2006. On December 15, 2006 all six firms provided bids. The Company selected Buyer on the basis of having offered the highest bid.
15. Buyer is well qualified to operate the Facility. Buyer is a New York corporation. It is owned, directly or indirectly, by Enel North America, Inc. ("ENA"). ENA is the North American affiliate of Enel, Italy's largest power company, and Europe's third-largest listed utility by market capitalization. ENA currently owns and operates twenty hydro facilities and two wind facilities in New York, as shown in Exhibit C, and over twenty

additional hydro facilities in nearby states,
totalling over 175 MW.

16. Although ENA and its affiliates including Buyer own a number of small production facilities in New York, ENA and its affiliates including Buyer do not own any other electric generating facility in Central Hudson's territory. No potential market power concerns exist.
17. In response to 6 NYCRR §617.6(a)(3), a completed Environmental Assessment Form ("EAF") Part I, describing and disclosing the likely impacts of the proposed action has been attached as Exhibit D. The proposed transfer will not substantially affect the potential operations of the Facility, and the EAF supports a negative declaration. DEC approval for the transfer of the Facility's water quality certificate will be required.
18. The proposed terms and conditions for the transfer, as shown in the APA attached as Exhibit A, are typical of transactions of this type. One provision warranting attention is the price step down formula set forth in Section 2.02. This provision reflects the Buyer's interest in promptly obtaining the Facility, and was acceptable to

Central Hudson in consideration of the fact that the Buyer was the highest bidder.

19. The transfer of the license for the Facility, Project No. 3511-011, under Part I of the Federal Power Act requires the approval of the FERC. A joint application for that approval pursuant to Section 8 of the Federal Power Act, 16 USC 801, and the FERC's regulations at 18 CFR Part 9 and § 131.20, is being filed more or less contemporaneously with this submission. The FERC's disposition is expected to be issued within four to eight weeks after submission.
20. The Petitioners will also execute and file with the FERC an Interconnection Agreement as a service agreement under the New York Independent System Operator's FERC-jurisdictional Open Access Transmission Tariff. It is anticipated that the Interconnection Agreement will be accepted for filing by the FERC and will not delay the closing.
21. In approving prior transfers of Central Hudson fossil generating assets, the Commission had based its determination that the transfers were in the public interest on the "qualifications of the purchaser to provide the utility service, the impact

of the sale on the rates customers pay, and the other details of the transaction."¹² Those considerations support the approval of the instant proposed transfer.¹³ Buyer is experienced with the operation of small hydro facilities in New York (and elsewhere). While Buyer and its affiliates own other hydro and wind generation in New York, these facilities are relatively small and dispersed. No basis for market power concerns exists. As to rates and "other details" of the transaction, the original intention of the Commission policies underlying the 1982 contract was to facilitate development of independent power facilities that would sell into competitive markets and thereby benefit consumers. The proposed transfer of the Facility to such an entity for such a purpose is therefore consistent with the public interest previously defined by the Commission.

¹² Central Hudson Gas & Electric Corporation, et al., Case 96-E-0909 et al., Order Approving Transfer Of The Danskammer And Roseton Generating Stations And Making Other Findings (Issued and Effective December 20, 2000), at 22 and 28.

¹³ Similar considerations were also identified in the Commission's most recent § 70 Order, where the Commission stated: "In conducting a review under § 70 that pertains to lightly-regulated electric corporations operating in wholesale electric markets, we examine any affiliations with electric market participants that might afford opportunities for the exercise of market power, and consider any other potential detriments to captive ratepayers." Case 06-E-1301 and 1307, Order Approving Transfer and Financing (Issued and Effective January 22, 2007) at 6.

22. The gross proceeds available to Central Hudson as a result of the sale, less the net book value and the expenses of the sale, will be recognized in account 421.1 - Gain on Disposition of Property. The applicable federal and state income taxes will be recognized on account 409.2 - Income Taxes, Other Income and Deductions. The net-of-tax gain will be included in the operating income subject to the earnings sharing provisions in Section X.B. of the Rate Plan adopted by the Commission in Case 05-E-0934.

23. Central Hudson requests Commission approval of the accounting specified above, in consideration of the following:

- a) The transfer of this small hydro facility to a non-utility operator is consistent with the Commission's decade-long policies favoring operation of electric generation by parties other than delivery utilities.
- b) To the extent that operation of the Facility provides a source of generation within the Central Hudson control area, that benefit will be maintained through operation of the Facility by the Buyer.

- c) Central Hudson's position that the original owner abide by the terms of the 1982 contract and be paid at the lower prices contemplated by the contract after 1995 was upheld by the Bankruptcy Court, and Central Hudson's success in that litigation led to the Settlement later approved by the Bankruptcy Court.
- d) Central Hudson's efforts had the effect of recapturing the front-end loaded prices for ratepayers to the extent practicable, through invoking the present value test in 1995 and seeking to adjust downward the prospective prices to be paid consistent with the present value balancing test in the contract, vigorously defending the lawsuit, obtaining the Facility through the Settlement and operating it through (and beyond) the twenty year term of the 1982 contract.
- e) The acquisition of the Facility by Central Hudson was the only reasonable course of action available as a result of the economic effect of the balancing test and ramp down in front-loaded pricing incorporated into the contract.

f) Central Hudson's actions have recouped for consumers to the extent practicable the above-market, above-avoided cost aspects of the front-end loaded prices provided for under the Commission's then-applicable policies that were incorporated into the contract approved by the Commission in 1982.

Conclusion

Central Hudson respectfully submits that a "realistic appraisal" shows that there is no reason for the Commission to review the proposed transaction pursuant to PSL § 70. The original cost including betterments is less than \$100,000.

The effect of the proposed transfer will be to restore to independent operation a small hydro facility originally developed by an independent power producer. Central Hudson acquired the Facility as the only practicable way of preserving the asset in the context of the litigation instituted by the original developer over the original


contract. Central Hudson's actions in insisting upon performance of the original contract by the developer in 1995, its subsequent vigorous defense in the litigation, acquisition of the Facility and operation of it through 2006 have benefitted consumers through continuing the operation of the facility for a time period comparable to that contemplated by the original contract. The relatively small size of the facility, its zero original cost at the time of its acquisition by Central Hudson, and its small current net book value indicate that there is no reason for Commission attention to this transaction.

Rather than allowing the ninety day time period provided in PSL § 70 to run, Central Hudson respectfully requests that the Commission advise that it has no objection to the proposed transfer so that the closing can be completed as soon as possible.

In the alternative, should the Commission determine to review the proposed transfer pursuant to PSL § 70, the Petitioners respectfully request that the transfer be approved on an expedited basis. In that event, Central Hudson also requests that the accounting described above also be approved.

Dated: New York, New York
January 25, 2007

Respectfully submitted,



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Michael B. Peisner
Of Counsel

VERIFICATION

Of Central Hudson Gas & Electric Corporation

STATE OF NEW YORK)
)
COUNTY OF DUTCHESS)

Michael L. Mosher, being duly sworn, deposes and says that he is the Vice President - Regulatory Affairs of Central Hudson Gas & Electric Corporation; that he has read the foregoing petition and knows the contents thereof; and that the contents are true to the best of his knowledge, information and belief.

M. L. Mosher

Michael L. Mosher
Vice President - Regulatory
Affairs

Subscribed and sworn to before
me this

24th day of January, 2007

Maureen M. Boes
Notary Public

Maureen M. Boes
Notary Public, State of New York
Reg. No. 01806024368
Qualified in Dutchess County
Commission Expires May 10, 2007

EXHIBIT A

Execution Copy

ASSET PURCHASE AGREEMENT

dated January 24, 2007

By and Between

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

and

LOWER SARANAC CORPORATION

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement made and entered into this 24th day of January, 2007 (this "Agreement") by and between Lower Saranac Corporation, a New York corporation ("Purchaser"), and Central Hudson Gas & Electric Corporation, an New York corporation ("Seller").

Recitals:

A. Seller owns the 900 kW Grovesville Mills Hydroelectric Facility located on the Fishkill Creek in Beacon, NY, FERC Project No. P-3511-NY (the "Facility"), and leases the real property on which the Facility is located, including the dam located at the Facility.

B. Seller desires to sell the Facility and the assets and leased properties exclusively relating to the Facility hereinafter described as Purchased Assets and Purchaser desires to acquire the Facility and the Purchased Assets, on the terms and subject to the conditions hereinafter set forth.

Now, therefore, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms shall have the meanings set forth below unless otherwise expressly provided or unless the context clearly requires otherwise:

"Affiliate" shall mean a Person which, directly or indirectly is controlled by, controls, or is under common control with another Person. As used in the preceding sentence, "control" shall mean (i) the ownership of more than 50% of the voting securities or other voting interest of any Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Assumed Liabilities" has the meaning set forth in Section 2.03(b).

"Closing" has the meaning set forth in Section 3.01.

"Closing Date" has the meaning set forth in Section 3.01.

"Date of the Notice of Claim" has the meaning set forth in Section 11.05(c).

"Disclosure Schedule" shall mean the disclosure schedule attached to this Agreement.

"Environmental Laws" shall mean any applicable federal, state or local Law relating to: (a) releases or threatened releases of Hazardous Substances; (b) the manufacture, handling, transport, use, treatment, storage or disposal of Hazardous Substances or materials containing Hazardous Substances; or (c) pollution of the environment or the protection of human health from Hazardous Substances.

"Facility" has the meaning set forth in the Recitals hereto.

"FERC" means the Federal Energy Regulatory Commission.

"Governmental Authority" shall mean the government of the United States or any foreign country or any state or political subdivision of any thereof and any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including the PBGC and other quasi-governmental entities established to perform such functions.

"Hazardous Substances" shall mean (a) substances defined or designated as hazardous, extremely or imminently hazardous, dangerous or toxic under the following federal statutes and their state counterparts, as well as such statutes' implementing regulations: the Hazardous Materials Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Atomic Energy Act, the Toxic Substances Control Act, and the Federal Insecticide, Fungicide, the Rodenticide Act; (b) petroleum and petroleum products including crude oil and any fractions thereof; and (c) natural gas, synthetic gas and any mixtures thereof.

"Indemnified Party" has the meaning set forth in Section 11.04.

"Indemnifying Party" has the meaning set forth in Section 11.04.

"Information" has the meaning set forth in Section 12.01.

"Interconnection Agreement" shall mean the Interconnection Agreement substantially in the form attached hereto as Exhibit B.

"Inventory" has the meaning set forth in clause (iii) of the definition of Purchased Assets.

"IRS" shall mean the Internal Revenue Service.

"Law" shall mean any law, statute, regulation, ordinance, rule, order, decree, judgment, consent decree, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed with by any Governmental Authority.

"Lien" shall mean any mortgage, lien (except for any lien for taxes not yet due and payable), charge, restriction, pledge, security interest, option, lease or sublease, claim, right of any third party, easement, encroachment or encumbrance.

"Material Adverse Effect" shall mean any change in, or effect on, the Facility as currently conducted by Seller that is or is reasonably likely to be materially adverse to the results of operations or financial condition of the Facility, taken as a whole, after giving effect to this Agreement, other than changes or effects caused by or resulting from (i) conditions affecting the electric generation industry generally, (ii) United States or global economic conditions or financial markets generally, or (iii) the announcement of the transactions contemplated by this Agreement.

"Material Contracts" has the meaning set forth in Section 6.06.

"NYPSC" means the New York Public Service Commission

"Non-Assumed Liabilities" has the meaning set forth in Section 2.03(b).

"Notice of Claim" has the meaning set forth in Section 11.04.

"Permitted Exceptions" shall mean, with respect to the Real Property, the following:

- (a) liens or encumbrances relating to the Assumed Liabilities;
- (b) all liens for Taxes, assessments, both general and special, and other governmental charges which are not due and payable as of the Closing Date;
- (c) all building codes and zoning ordinances and other Laws of any Governmental Authority heretofore, now or hereafter enacted, made or issued by any such Governmental Authority affecting the Real Property;
- (d) all easements, rights-of-way, covenants, conditions, restrictions, reservations, licenses, agreements, and other similar matters of record in the appropriate governmental offices;
- (e) all encroachments, overlaps, boundary line disputes, shortages in area, drainage and other easements, cemeteries and burial grounds and other similar matters not of record which would be disclosed by an accurate survey or inspection of the Real Property;
- (f) all electric, telephone, gas, sanitary sewer, storm sewer, water and other utility lines, pipelines, service lines and facilities of any nature now located on, over or under the Real Property, and all licenses, easements, rights-of-way and other similar agreements relating thereto;
- (g) all existing public and private roads and streets (whether dedicated or undedicated), and all railroad lines and rights-of-way affecting the Real Property;
- (h) all rights with respect to the ownership, mining, extraction and removal of minerals of whatever kind and character (including, without limitation, all coal, iron ore, oil, gas, sulfur, methane gas in coal seams, limestone and other minerals, metals and ores) which have been granted, leased, excepted or reserved prior to the date hereof;
- (i) inchoate mechanic's and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carrier's liens arising in the ordinary course of business;
- (j) all matters shown and listed in the abstract of title dated December 29, 2006, prepared for Seller by Feldmann-Jacobson Abstract Corp. (Abstract No. RF257-85) (a copy of which is attached hereto as Schedule 1.01C).

"Person" shall mean any natural person, corporation, limited liability company, partnership, joint venture, trust, association or unincorporated entity of any kind.

"Properties" has the meaning set forth in clause (v) of definition of Purchased Assets.

"Purchase Price" has the meaning set forth in Section 2.02.

"Purchased Assets" shall mean the following described assets, rights and properties owned by Seller or in which Seller has an interest on the Closing Date and used exclusively in connection with the Facility, except for the Retained Assets:

- (i) any accounts, notes, contract or other receivables of Seller related exclusively to the Facility;

(ii) any deposits and advances, prepaid expenses and other prepaid items of Seller related exclusively to the Facility;

(iii) the inventories of Seller, including all such inventories of raw materials, work-in-progress and finish goods ("Inventory") located on the Properties and reflected in Section 1.01A of the Disclosure Schedule;

(iv) the tangible assets, machinery, equipment, tools, dies, molds, spare parts, vehicles, transportation equipment, furniture and office equipment, construction-in-progress, computer hardware and computer software, of Seller located on the Properties, including all such assets which were present at the time of Purchaser's on-site inspection;

(v) the Seller's rights, title and interest (A) in and to the real properties described in the Disclosure Schedule ("Real Property") together with all buildings, other improvements, fixtures and appurtenances, and all other rights and privileges thereunto belonging or appertaining, and (B) under the real property leases described in Section 1.01B of the Disclosure Schedule (together with the Real Property, the "Properties");

(vi) the Seller's right, title and interest in, to or under the leases, contracts, agreements and commitments arising from or relating to the Facility, including without limitation those leases, contracts, agreements and commitments described in the Disclosure Schedule;

(vii) the Seller's right, title and interest in and to the following intellectual property to the extent related exclusively to the Facility and set forth in the Disclosure Schedule: trade names, trademarks, trademark registrations, trademark applications, service marks, service mark registrations, service mark applications; copyrights, copyright registrations, copyright applications; patent rights (including, without limitation, issued patents, applications, divisions, continuations and continuations-in-part, reissues, patents of addition, utility models and inventors' certificates); licenses with respect to any of the foregoing; trade secrets, proprietary manufacturing information and inventions, drawings and designs; customer and vendor lists and the goodwill associated with any of the foregoing;

(viii) any permits and licenses of the Seller relating exclusively to the Facility to the extent any of the same are transferable or assignable to the Purchaser; and

(ix) all of the Seller's files, papers, documents and records relating exclusively to the Facility, including, without limitation, credit, sales and accounting records, price sheets, catalogues and sales literature, books, processes, formulae, manufacturing data, advertising material, stationery, office supplies, forms, catalogues, manuals, correspondence, production records, employment records and any other information reduced to writing relating exclusively to the Facility of the Seller.

"Real Property" has the meaning set forth in clause (v) of the definition of "Purchased Assets."

"Retained Assets" shall mean the following described assets, rights and properties of Seller:

(i) all cash and cash equivalents, including, without limitation, bank overdrafts and marketable securities;

(ii) any accounts receivable or intercompany obligations owed to Seller by any Affiliate of Seller;

(iii) all insurance policies of Seller or acquired or assumed by Seller prior to the Closing Date pertaining to the Facility and all rights of Seller of every nature and description under or arising out of such insurance policies;

(iv) all rights to use the name "Central Hudson Gas & Electric Corporation", "CH Energy Group, Inc." and "Central Hudson Enterprise Corporation" and all derivatives thereof and the Central Hudson Gas & Electric Corporation, CH Energy Group, Inc. or Central Hudson Enterprise Corporation logos;

(v) claims for refunds of Taxes paid by Seller;

(vi) all past, present and future claims, causes of action, chooses in action, rights of recovery and rights of set-off of any kind, except to the extent, but only to the extent, such claims or causes of action offset the liabilities assumed by Purchaser pursuant to this Agreement or the Assumption Agreement;

(vii) any rights, interest or assets not included in the Purchased Assets;

(viii) the assets, properties, rights and interests of Seller listed in the Disclosure Schedule;

(ix) all rights of Seller under this Agreement and the agreements and instruments delivered to Seller by Purchaser pursuant to this Agreement; and

(x) the Seller's corporate seal, minute books and stock record books, the general ledgers and books of original entry, all income Tax returns and other income Tax records, reports, data, files and documents.

"Supplemental Disclosure Schedule" has the meaning set forth in Section 13.06.

"Taxes" shall mean all taxes, charges, fees, duties (including custom duties), levies or other assessments, including income, gross receipts, net proceeds, capital gains, ad valorem, turnover, real and personal property (tangible and intangible), sales, use, franchise, excise, value added, stamp, leasing, lease, user, transfer, fuel, excess profits, occupational, interest equalization, windfall profits, license, payroll, environmental, capital stock, disability, severance, employee's income withholding, other withholding unemployment and Social Security taxes, which are imposed by any Governmental Authority, and such term shall include any interest, penalties or additions to tax attributable thereto.

"Threshold" has the meaning set forth in Section 11.02(b).

Section 1.02. Interpretation. Unless the context of this Agreement otherwise requires, (a) words of any gender shall be deemed to include each other gender, (b) words using the singular or plural number shall also include the plural or singular number, respectively, (c) references to "hereof", "herein", "hereby" and similar terms shall refer to this entire Agreement; and (d) all references in this Agreement to Articles, Sections, Schedules and Exhibits shall mean and refer to Articles, Sections, Schedules and Exhibits of this Agreement, (e) all references to statutes and related regulations shall include all amendments of the same and any successor or replacement statutes and regulations, and (f) references to any Person shall be

deemed to mean and include the successors and permitted assigns of such Person (or, in the case of a Governmental Authority, Persons succeeding to the relevant functions of such Person).

Section 1.03. Knowledge. As used herein the terms "knowledge" or "best knowledge" shall have the same meaning and shall mean the actual knowledge of Jeff Clock and project managers and operators as it relates to Seller, and Victor Engel, Kevin Webb and Guy Weaver as it relates to Purchaser, in each instance after due inquiry and reasonable investigation

ARTICLE II

PURCHASE AND SALE, PURCHASE PRICE, ALLOCATION AND OTHER RELATED MATTERS

Section 2.01. Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, at the Closing the Seller shall sell, assign, convey, transfer and deliver to Purchaser and Purchaser shall acquire from Seller the Purchased Assets.

Section 2.02. Purchase Price. At the Closing, Purchaser shall pay to Seller, by wire transfer of immediately available funds to a bank account designated by the Seller prior to the Closing, an amount equal to (a) if the Closing occurs on or before March 1, 2007, \$700,000 US Dollars, (b) if the Closing occurs on or before April 15, 2007, \$655,000 US Dollars, (c) if the Closing occurs on or before June 1, 2007, \$625,000 US Dollars, (d) if the Closing occurs on or before June 15, 2007, \$610,000 US Dollars, and (e) if the Closing occurs on or before July 1, 2007, \$595,000 US Dollars (the "Purchase Price").

Section 2.03. Assumed Liabilities. (a) As additional consideration for the purchase of the Purchased Assets, the Purchaser shall, at the Closing, assume, agree to perform, and in due course pay and discharge, all of the debts, obligations and liabilities of any nature, fixed or contingent, known or unknown, of the Seller relating to the Facility; excluding, however, the following:

- (i) any liability arising out of or relating to the Retained Assets;
 - (ii) any liability of the Seller for any federal, state, local or foreign income taxes for any periods prior to or subsequent to the Closing whether or not relating to the Facility;
 - (iii) the debts, liabilities and obligations of Seller set forth in Section 2.03 of the Disclosure Schedule; and
 - (iv) any liability arising out of any events relating to the Facility and occurring before the Closing
- (b) The debts, liabilities and obligations to be assumed by Purchaser under this Agreement are hereinafter sometimes referred to as the "Assumed Liabilities" and the debts, liabilities and obligations that are not assumed by Purchaser under this Agreement are hereinafter sometimes referred to as "Non-Assumed Liabilities."
- (c) This Section 2.03 is not intended to and shall not benefit any Person other than Seller and Purchaser.
- (d) All of the Non-Assumed Liabilities shall remain and be the debts, obligations and liabilities of the Seller, and Purchaser shall have no liability or responsibility for any of the debts,

obligations or liabilities arising there from. Seller covenants and agrees with Purchaser that it shall perform and discharge the Non-Assumed Liabilities.

Section 2.04. Sales and Transfer Taxes. The Purchaser shall pay the cost of any (a) real property transfer or similar tax imposed by any Governmental Authority which arises out of the transfer of the Real Property; and (b) all other transfer, sales, purchase, use, value added, excise or similar taxes imposed by any Governmental Authority which arises out of the transfer of any of the other Purchased Assets.

Section 2.05. Allocation of Purchase Price. The parties agree that the Purchase Price shall be allocated among the Purchased Assets in such manner as Seller shall reasonably determine not later than the Closing Date after consulting with the Purchaser and taking the interests of both parties into account. Each party agrees to complete IRS Form 8594 consistently with such allocation and to cooperate with the other party in the preparation of Form 8594 and to furnish the other party with a copy of such form prepared in draft form, within a reasonable period before the filing due date of such form. Neither Seller nor Purchaser shall file any tax return or take a position with a tax authority that is inconsistent with such allocation.

ARTICLE III

CLOSING AND CLOSING DATE DELIVERIES

Section 3.01. Closing. The term "Closing" as used herein shall refer to the actual conveyance, transfer, assignment and delivery of the Purchased Assets to Purchaser in exchange for the Purchase Price to the Seller pursuant to Section 2.02 of this Agreement. The Closing shall take place at Central Hudson Gas & Electric Corporation, 284 South Avenue, Poughkeepsie, NY 12601, at 10:00 a.m. local time on the fifth business day following the date upon which all of the conditions precedent set forth in Articles VIII and IX of this Agreement are satisfied or waived by the appropriate party hereto, subject to Article VIII of this Agreement, or at such other place and time or on such other date as is mutually agreed to in writing by Seller and Purchaser ("Closing Date").

Section 3.02. Closing Deliveries by Seller. At the Closing, the Seller shall deliver to the Purchaser:

(a) All such deeds, bills of sale, lease assignments, trademark assignments, copyright assignments, patent assignments, contract assignments and other documents and instruments of sale, assignment, conveyance and transfer, as the Purchaser or its counsel may deem necessary or desirable;

(b) Certified copies of minutes or unanimous written consents of the Board of Directors of the Seller approving the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement;

(c) A Certificate, dated the Closing Date, executed by the appropriate officers of the Seller, required by Section 8.02 of this Agreement; and

(d) Such other documents as the Purchaser or its counsel may reasonably request to carry out the purposes of this Agreement, including, but not limited to, the documents to be delivered pursuant to Article VIII of this Agreement.

Section 3.03. Closing Deliveries by Purchaser. At the Closing, the Purchaser shall deliver to the Seller.

- (a) The Purchase Price;
- (b) Certified copies of minutes or unanimous written consents of [the Board of Directors, and if required, the stockholders of the Purchaser] approving the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated under this Agreement;
- (c) The Certificate, dated the Closing Date, executed by the appropriate officer of the Purchaser, required by Section 9.02 of this Agreement;
- (d) An assumption agreement executed by the Purchaser reflecting the assumption of the liabilities set forth in Section 2.03(a) of this Agreement, in the form attached hereto as Exhibit A; and
- (e) Such other documents as the Seller or its counsel may reasonably request to carry out the purposes of this Agreement, including, but not limited to, the documents to be delivered pursuant to Article IX of this Agreement.

Section 3.04. Cooperation. The Seller and the Purchaser shall, on request, on and after the Closing Date, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and/or instruments and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement.

ARTICLE IV

PRE-CLOSING FILINGS

Section 4.01. Government Filings. Seller and Purchaser covenant and agree with each other to (a) promptly file, or cause to be promptly filed, with any Governmental Authority, all such notices, applications or other documents as may be necessary to consummate the transactions contemplated hereby and (b) thereafter diligently pursue all consents or approvals from any such Governmental Authorities as may be necessary to consummate the transactions contemplated hereby.

ARTICLE V

PRE-CLOSING COVENANTS

Section 5.01. Due Diligence Review. (a) Pending Closing, the Seller shall at all reasonable times and upon reasonable prior notice make the properties, assets, books and records pertaining exclusively to the Facility available for examination, inspection and review by the Purchaser and its lenders, agents and representatives; provided, however, Purchaser's inspections and examinations shall not unreasonably disrupt the normal operations of the Facility.

(b) Purchaser covenants and agrees with Seller to promptly notify Seller if Purchaser or its representatives in the course of their pre-Closing due diligence determine that there are any inaccuracies in, or breaches or violations of, any of the Seller's representations, warranties or covenants contained in this Agreement.

Section 5.02. Pending Closing. Pending the Closing, the Seller shall:

(a) conduct and carry on operations at the Facility in the ordinary course, consistent with past practices;

(b) not purchase, sell, lease, mortgage, pledge or otherwise acquire or dispose of any material properties or assets of or in connection with the Facility, except for tangible personal property purchased, sold or otherwise disposed of in the ordinary course;

(c) not enter into, or become obligated under, any lease, contract, agreement or commitment with respect to the Facility, except for (i) any agreements for the purchase of supplies or inventory or the sale of inventory or (ii) any other lease, contract, agreement or commitment having a term of less than one year and involving either a payment by or to the Seller of less than \$25,000;

(d) not materially change, amend, or otherwise modify or terminate any Material Contract;

(e) maintain in full force and effect with respect to the Facility, policies of insurance of the same type, character and coverage as the policies currently carried and described in the Disclosure Schedule;

(f) not authorize or make any capital expenditures which individually or in the aggregate are in excess of \$25,000; or

(g) not agree to do any of the items prohibited by Section 5.02(b), (c), (d), (e) or (f).

Section 5.03. Consents. Pending the Closing Date, the parties shall proceed with all reasonable diligence and use commercially reasonable efforts to obtain the written consents, authorizations or approvals required for the consummation of transactions contemplated by this Agreement; provided, however, Seller shall have no obligation to pay any third Person a fee to obtain any such consent, authorization or approval not already provided for by the applicable agreement or Law.

ARTICLE VI

WARRANTIES AND REPRESENTATIONS OF THE SELLER

The Seller warrants and represents to the Purchaser as follows:

Section 6.01. Organization and Good Standing. The Seller is a corporation duly formed, validly existing and in good standing under the laws of the State of New York. Seller is duly qualified to transact business and is in good standing in each jurisdiction where such qualification is necessary, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

Section 6.02. Authority. Subject to Section 6.03, the Seller has the right and power to enter into, and perform its obligations under this Agreement; and has taken all requisite action to authorize its execution and delivery of this Agreement and the performance of its obligations under this Agreement; and this Agreement has been duly authorized, executed and delivered by the Seller and is binding upon, and enforceable against, the Seller in accordance with its terms; except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)

Section 6.03. No Violations and Consents. (a) The execution, delivery and performance of this Agreement by the Seller does not and will not, after the giving of notice, or the lapse of time, or otherwise, (i) conflict with, result in a breach of, or constitute a default under, the Certificate of Incorporation or Bylaws of the Seller, or to Seller's knowledge, any Law or any Material Contract to which the Seller is a party; (ii) result in the creation of any Lien upon any of the Purchased Assets; (iii) to Seller's knowledge, terminate, amend or modify, or give any party the right to terminate, amend, modify, abandon, or refuse to perform, any Material Contract to which the Seller is a party; or (iv) to Seller's knowledge, accelerate or modify, or give any party the right to accelerate or modify, the time within which, or the terms under which, any duties or obligations are to be performed by Seller, or any rights or benefits are to be received by any Person, under any Material Contract to which the Seller is a party.

(b) The execution and delivery by Seller of this Agreement does not, and the performance by Seller of its obligations hereunder will not, require Seller to obtain any consent, approval, authorization or other action of, or make any filing with or give any notice to, any Governmental Authority, except (a) as disclosed in Section 6.03 of the Disclosure Schedule, (b) as required under Section 8.05 below, (c) where failure to obtain such consents, approvals, authorizations or actions, make such filings or give such notices would not have a Material Adverse Effect, and (d) as may be necessary as a result of any facts or circumstances relating solely to Purchaser.

Section 6.04. Brokers. Neither this Agreement nor the sale of the Purchased Assets or any other transaction contemplated by this Agreement was induced or procured through any Person acting on behalf of, or representing, the Seller or any of its Affiliates as broker, finder, investment banker, financial advisor or in any similar capacity.

Section 6.05. Required Assets. Except for the Retained Assets, all of the material rights, properties and assets required by the Seller in connection with owning and operating the Facility in compliance with the Permits are (a) either owned by the Seller or licensed or leased to the Seller under one of the contracts or agreements conveyed to the Purchaser under this Agreement; and (b) included in the Purchased Assets

Section 6.06. Contracts. The Disclosure Schedule contains a true and complete schedule setting forth all personal property leases, real property leases, and all other contracts, agreements and commitments to which the Seller is a party and relating to the Purchased Assets or operation of the Facility, except (i) any agreements for the purchase of supplies or inventory or the sale of inventory, or (ii) leases, contracts, agreements or commitments which may be terminated by the Seller on thirty (30) days or less written notice without penalty to Seller; or (iii) leases, contracts, agreements or commitments which have a term of less than one year or involve payment by or to Seller of \$25,000 or less. The leases, contracts, agreements and commitments set forth in Section 6.06 of the Disclosure Schedule are hereinafter collectively referred to as the "Material Contracts."

Section 6.07. Insurance. All material properties and risks associated with the Facility are covered by valid and currently effective insurance policies or binders of insurance or programs of self-insurance in such types and amounts as are consistent with customary practices and standards in the Seller's industry. Section 6.07 of the Disclosure Schedule contains a complete list of all material liability, property, accident, casualty, fire, flood, workers' compensation, key man group life or health or other insurance policies and arrangements affecting or relating to the ownership, use or operations of the Purchased Assets or the Facility.

Section 6.08. Title to Real Property. To the best of Seller's knowledge, Seller has good and marketable leasehold title to the Real Property, including (i) all water rights used in connection with the Purchased Assets and granted to Seller pursuant to the Lease documents identified in Schedule 6.06, and (ii) access

to the Real Property from one or more public streets, free and clear of all Liens, except (a) for the Permitted Exceptions, or (b) where the failure to have such good and marketable title would not have a Material Adverse Effect.

Section 6.09. Title to Purchased Assets. Seller has good and marketable title to all the material Purchased Assets consisting of tangible personal property owned by Seller and valid and subsisting leases with respect to all of the material Purchased Assets consisting of tangible personal property leased by Seller and in each case used exclusively in the Facility. All such owned tangible personal property is owned free and clear of all Liens, except: (a) Permitted Exceptions, none of which will individually or collectively interfere with or otherwise adversely impact in any material manner Purchaser's quiet enjoyment of the Purchased Assets or its ability to operate and maintain same, and as set forth in Section 6.09 of the Disclosure Schedule; (b) liens for Taxes and assessments not yet payable; (c) liens for Taxes, assessments and charges and other claims, the validity of which Seller is contesting in good faith, provided, however, that Seller shall indemnify Purchaser against and hold it harmless from all liabilities of and damages to Purchaser resulting from such liens; (d) liens securing or relating to liabilities or obligations which are to be assumed by Purchaser pursuant to this Agreement or the Assumption Agreement; and (e) imperfections of title, Liens, claims and other charges and encumbrances the existence of which would not have a Material Adverse Effect.

Section 6.10. Intellectual Property. (a) To the Seller's knowledge, except as set forth in Section 6.10 of the Disclosure Schedule, there is not now and has not been during the past three (3) years any infringement or misappropriation by the Seller of any valid patent, trademark, trade name, service mark, copyright or trade secret which relates to the Facility and which is owned by any third party, and there is not now any existing or, to the knowledge of the Seller, threatened claim (asserted in writing) against the Seller, which relates to the Facility, of infringement or misappropriation of any patent, trademark, trade name, service mark, copyright or trade secret by any third party.

(b) There is no pending or threatened claim by the Seller against others for infringement or misappropriation of any trademark, trade name, service mark, copyright or trade secret owned by the Seller and which is utilized in the conduct of the Facility and included in the Purchased Assets.

Section 6.11. Litigation. Except as set forth in Section 6.11 of the Disclosure Schedule, (a) there are no actions, claims or proceedings pending against the Seller relating to the Facility or any of the Purchased Assets at law or in equity, before or by any Governmental Authority, or by any other Person, which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (b) neither the Seller in respect of the Facility nor any of the Purchased Assets is subject to any order, judgment or decree of any Governmental Authority having or which could reasonably be expected to have a Material Adverse Effect.

Section 6.12. Compliance With Laws. To the best of Seller's knowledge, Seller is not in material violation of any Law, applicable to the Facility or by which any of the Purchased Assets are bound or subject, except (a) as set forth in Section 6.12 of the Disclosure Schedule and (b) for violations the existence of which would not have a Material Adverse Effect. Notwithstanding the foregoing, compliance with Environmental Laws is exclusively and solely governed by Section 7.10 hereof.

Section 6.13. Labor Matters. Seller will not transfer any employees to Purchaser under this transaction and notwithstanding anything herein to the contrary, Buyer assumes no liability with respect to employee matters of any nature as such relate to Seller employees, related benefit plans and or any claims or obligations with respect to either. Except as disclosed in Section 6.13 of the Disclosure Schedule, (a)

there are no labor controversies pending or, to the knowledge of Seller, threatened against the Facility which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 6.14. Taxes. Except as set forth in Section 6.14 of the Disclosure Schedule, Seller has duly and timely filed all federal, state and local Tax reports and returns required to be filed by it in respect of the Facility and paid all Taxes shown thereon to be due. Except as set forth in Section 6.14 of the Disclosure Schedule, Seller has duly withheld and, if payable, paid all Taxes which it is required to withhold from, and pay relating to, compensation paid to employees of Seller employed by Seller exclusively in the Facility.

Section 6.15. Licenses and Permits. Except as set forth in Section 6.15 of the Disclosure Schedule and except for those required by the Environmental Laws which are exclusively and solely governed by Section 6.16 hereof, Seller has, or has applied for, all governmental licenses, franchises, permits, approvals, authorizations, exemptions, certificates, registrations and similar documents or instruments necessary to carry on the Facility as it is currently conducted, except for such governmental licenses, franchises, permits, approvals, authorizations, exemptions, certificates, registrations and similar documents or instruments, the absence of which would not have a Material Adverse Effect.

Section 6.16. Environmental Compliance. Except as set forth in Section 6.16 of the Disclosure Schedule, Seller currently holds or has applied for all permits, licenses and approvals of Governmental Authorities required under Environmental Laws with respect to the Facility, except for such permits, licenses and approvals the absence of which would not, individually or in the aggregate, have a Material Adverse Effect. To the knowledge of Seller, except as set forth in Section 6.16 of the Disclosure Schedule, the Seller is not in violation of any of such permits, licenses, and approvals, except for such violations which would not, individually or in the aggregate, have a Material Adverse Effect. To the knowledge of Seller, except as set forth in Section 6.16 of the Disclosure Schedule, Seller is not in violation of any Environmental Laws with respect to the Facility, except for violations which would not, individually or in the aggregate, have a Material Adverse Effect.

Section 6.17. Full Disclosure. All information, reports and other papers and data with respect to the Purchased Assets (other than projections) furnished to Purchaser by the Seller, or on behalf of the Seller, were, at the time the same were so furnished, complete and correct in all material respects, or have been subsequently supplemented by other information, reports or other papers or data, to the extent necessary to give Purchaser a true and accurate knowledge of the subject matter in all material respects. All projections with respect to the Purchased Assets furnished by the Seller, as supplemented, were prepared and presented in good faith on a reasonable basis by the Seller, it being recognized by Purchaser that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. No document furnished or statement made in writing or otherwise to Purchaser by the Seller in connection with the negotiation, preparation or execution of this Agreement contains any untrue statement of a material fact, or omits to state any such material fact necessary in order to make the statements contained therein not misleading, in either case which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to Purchaser.

Section 6.18. Disclaimer of Warranties. EXCEPT WITH RESPECT TO THE WARRANTIES AND REPRESENTATIONS SPECIFICALLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR QUALITY AS TO THE PURCHASED ASSETS, OR ANY PART THEREOF, OR AS TO THE CONDITION OR WORKMANSHIP THEREOF, OR THE

ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT THE PURCHASED ASSETS ARE TO BE CONVEYED HEREUNDER "AS IS" AND "WHERE IS" ON THE CLOSING DATE, AND IN THEIR THEN PRESENT CONDITION. THE PURCHASER SHALL RELY UPON ITS OWN EXAMINATION THEREOF.

Section 6.19. No Conflicts of Interest; Ethics.

(a) Seller confirms that, to the best of its Knowledge, its officers and Affiliates, have not been in charge of a public office or entrusted in public service in the last 24 months with activities that involved, directly or indirectly, any companies belonging to Enel S.p.A. or any of its Affiliates.

(b) Seller acknowledges that Enel S.p.A. and its Affiliates rely on the principles outlined in its Code of Ethics when conducting business and management of internal relations as found at <http://www.enel.it>. In addition, Seller acknowledges that Enel S.p.A. and its Affiliates have adopted an Organisational and Management Model in accordance, in Italy, with Article 6 of Legislative Decree No. 231 of 2001 and, in the USA, with the United States Foreign Corrupt Practices Act of 1977 and following amendments.

ARTICLE VII

WARRANTIES AND REPRESENTATIONS OF THE PURCHASER

The Purchaser warrants and represents to the Seller as follows:

Section 7.01. Due Incorporation. The Purchaser is a corporation duly formed, validly existing and in good standing under the laws of the State of its formation.

Section 7.02. Authority. The Purchaser has the corporate right and power to enter into, and perform its obligations under this Agreement, and has taken all requisite corporate action to authorize its execution and delivery of this Agreement and the performance of its obligations under this Agreement; and this Agreement has been duly executed and delivered by the Purchaser and each is binding upon, and enforceable against, the Purchaser in accordance with its terms; except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)

Section 7.03. No Violations. (a) The execution, delivery or performance of this Agreement by the Purchaser does not and will not, after the giving of notice, or the lapse of time, or otherwise: conflict with, result in a breach of, or constitute a default under, the Articles/Certificate of Incorporation or By-laws of the Purchaser, or to Purchaser's knowledge any Law or any material contract, agreement, commitment or plan to which the Purchaser is a party.

(b) The execution and delivery by Purchaser of this Agreement does not, and the performance by Purchaser of its obligations hereunder will not, require Purchaser to obtain any consent, approval, authorization or other action of, or make any filing with or give any notice to, any Governmental Authority, except (a) as disclosed in Section 7.03 of the Disclosure Schedule, (b) where failure to obtain such consents, approvals, authorizations or actions, make such filings or give such notices would not have a Material Adverse Effect and (c) as may be necessary as a result of any facts or circumstances relating solely to Seller.

Section 7.04. Brokers. Neither this Agreement nor the purchase of the Purchased Assets or any other transaction contemplated by this Agreement was induced or procured through any Person, acting on behalf of, or representing, the Purchaser or any of its Affiliates as broker, finder, investment banker, financial advisor or in any similar capacity.

Section 7.05. Litigation. There are no actions, claims or proceedings pending against Purchaser or any of its assets or properties at law or in equity, before or by any Governmental Authority, or by any other Person, which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on Purchaser or its ability to consummate the transactions contemplated hereby.

Section 7.06. Financing. Purchaser has all the funds necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VIII

CONDITIONS TO CLOSING APPLICABLE TO PURCHASER

The obligations of Purchaser hereunder (including the obligation of Purchaser to close the transactions herein contemplated) are subject to the following conditions precedent:

Section 8.01. No Termination. Neither Purchaser nor Seller shall have terminated this Agreement pursuant to Section 10.01 hereof.

Section 8.02. Bring-Down of Seller Warranties. The warranties and representations made by the Seller herein to Purchaser shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such warranties and representations had been made on and as of the Closing Date and the Seller shall have performed and complied with, in all material respects, all agreements, covenants and conditions on its part required to be performed or complied with in all material respects on or prior to the Closing Date; and at the Closing, Purchaser shall have received a certificate executed by the Secretary of Seller to the foregoing effect.

Section 8.03. No Material Adverse Effect. Between the date of this Agreement and the Closing Date, there shall have been no Material Adverse Effect

Section 8.04. Pending Actions. No investigation, action, suit or proceeding by any Governmental Authority and no action, suit or proceeding by any other Person, shall be pending on the Closing Date which challenges this Agreement and seeks to modify, prohibit or enjoin the consummation of the transactions contemplated hereby.

Section 8.05. Consents and Approvals. All consents, approvals or authorizations of the Governmental Authorities and other Persons set forth in Section 8.05 of the Disclosure Schedule shall have been obtained. The NYPSC shall have either (a) approved the transfer of the Purchased Assets under Section 70 of the New York Public Service Law or (b) allowed the ninety-day notice period provided in Section 70 to elapse without determining that the public interest requires that the NYPSC review the transaction and provide its written consent.

Section 8.06. Commitment of Title Insurance. Purchaser shall have received a commitment for title insurance for the Facility in a form and substance reasonably acceptable to Purchaser; provided, however, that (a) if Seller has delivered a preliminary title report in a form and substance reasonably acceptable to

Purchaser within thirty (30) days of the date of this Agreement, (b) such preliminary title report indicates that the Facility is insurable at a reasonable cost to the Purchaser, and (c) Purchase has not obtained the title insurance policy with respect to the Facility within thirty (30) days after the delivery of the preliminary title report by the Seller, then this Section 8.06 shall become null and void and be of no further force and effect. In the event the title commitment contains any encumbrances that are not acceptable to Purchaser, Purchaser shall provide Seller with a list of such encumbrances and Seller shall have a period of thirty (30) days to remove any such encumbrances.

Section 8.07. New York Independent System Operator Approval. (i) If the Purchaser shall have received approval of the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser then the Purchaser and Seller shall have entered into the Interconnection Agreement or (ii) if the Purchaser shall not have received approval of the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser, then Purchaser agrees to sell to Seller and Seller agrees to accept and pay for all energy and capacity generated by the Facility, pursuant to the terms stated in Exhibit C, until such time as the approval referenced in Section 8.07 (i) shall be received by Purchaser.

Section 8.08. Environmental Assessment. A Phase I environmental assessment on the Real Property shall have been performed by a professional reasonably acceptable to the Purchaser, and shall show no material adverse environmental issues with the Real Property.

Section 8.09. All Necessary Documents. All proceedings to be taken in connection with the consummation of the transactions contemplated by this Agreement and all documents incident thereto, shall be reasonably satisfactory in form and substance to Purchaser and its counsel, and Purchaser shall have received copies of such documents as Purchaser and its counsel may reasonably request in connection with said transactions, including without limitation, those documents to be delivered pursuant to Section 4.02 hereof.

Purchaser shall have the right to waive any of the foregoing conditions precedent.

ARTICLE IX

CONDITIONS TO CLOSING APPLICABLE TO SELLER

The obligations of Seller hereunder (including the obligation of Seller to close the transactions herein contemplated) are subject to the following conditions precedent:

Section 9.01. No Termination. Neither Purchaser nor Seller shall have terminated this Agreement pursuant to Section 10.01 hereof.

Section 9.02. Bring-Down of Purchaser Warranties. All warranties and representations made by Purchaser herein to the Seller shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such warranties and representations had been made on and as of the Closing Date, and Purchaser shall have performed and complied in all material respects (except for the payment of money which shall be absolute) with all agreements, covenants and conditions on its part required to be performed or complied with on or prior to the Closing Date, and at the Closing, Seller shall have received a certificate executed by the President or any Vice President of Purchaser to the foregoing effect.

Section 9.03. Pending Actions. No investigation, action, suit or proceeding by any Governmental Authority and no action, suit or proceeding by any other Person shall be pending on the Closing Date which challenges this Agreement and seeks to modify, prohibit or enjoin the consummation of the transactions contemplated hereby.

Section 9.04. Consents and Approvals. All consents, approvals or authorizations of the Governmental Authorities and other Persons set forth in Section 9.04 of the Disclosure Schedule shall have been obtained. The NYPSC shall have either (a) approved the transfer of the Purchased Assets under Section 70 of the New York Public Service Law or (b) allowed the ninety-day notice period provided in Section 70 to elapse without determining that the public interest requires that the NYPSC review the transaction and provide its written consent.

Section 9.05. All Necessary Documents. All proceedings to be taken in connection with the consummation of the transactions contemplated by this Agreement, and all documents incident thereto, shall be reasonably satisfactory in form and substance to Seller and its counsel, and Seller and its counsel shall have received copies of such documents as it and its counsel may reasonably request in connection with said transactions, including without limitation, those documents to be delivered pursuant to Section 3.03 hereof.

Section 9.06. New York Independent System Operator Approval. (i) If the Purchaser shall have received approval of the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser then the Purchaser and Seller shall have entered into the Interconnection Agreement or (ii) if the Purchaser shall not have received approval of the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser, then Purchaser agrees to sell to Seller and Seller agrees to accept and pay for all energy and capacity generated by the Facility, pursuant to the terms stated in Exhibit C, until such time as the approval referenced in Section 8.07 (i) shall be received by Purchaser.

Seller shall have the right to waive any of the foregoing conditions precedent.

ARTICLE X

TERMINATION

Section 10.01. Termination. This Agreement may be terminated at any time prior to the Closing as follows, and in no other manner:

- (a) by mutual written consent of Purchaser and Seller;
- (b) by Purchaser or by Seller, if at or before the Closing any condition set forth herein for the benefit of the Purchaser or Seller, respectively, shall not have been timely met in all material respects or cannot be timely met in all material respects; provided, the party seeking to terminate is not in material breach of, or material default under, this Agreement;
- (c) by Purchaser or by the Seller if the Closing of the transactions contemplated by this Agreement shall not have occurred on or before July 1, 2007, or such later date as may have been agreed upon in writing by the parties hereto; provided, the party seeking to terminate is not in material breach of, or material default under, this Agreement; or

(d) by Purchaser or by Seller if any representation or warranty made herein for the benefit of Purchaser or Seller, respectively, or in any certificate, schedule or documents furnished to Purchaser or Seller, respectively, pursuant to this Agreement is untrue in any material respect, or Purchaser or Seller, respectively, shall have defaulted in any material respect in the performance of any material obligation under this Agreement.

ARTICLE XI

INDEMNIFICATION

Section 11.01. Seller Indemnification. The Seller agrees to indemnify and hold the Purchaser and its successors and permitted assigns, harmless against any loss, damage or expense (including reasonable attorneys' fees), which arises out of or is in respect of (a) any material inaccuracy or misrepresentation in or material breach of any of the warranties, representations, covenants or agreements made by the Seller in this Agreement, or any other certificate, document, instrument or affidavit furnished by the Seller in accordance with the provisions of this Agreement, and (b) any and all Non-Assumed Liabilities.

Section 11.02. Limitation. The Purchaser's right to indemnification pursuant to Article XI of this Agreement is subject to the following limitations:

(a) The Purchaser shall not be entitled to assert any right of indemnification pursuant to this Article XI for any loss, damage or expense suffered by the Purchaser after the first anniversary date of the Closing Date, except that if there shall be pending on the first anniversary of the Closing Date, the Purchaser shall continue to have the right to be indemnified with respect to such claim.

(b) No indemnification claim may be made against Seller for indemnification pursuant to this Article XI with respect to losses, damages or expenses, unless such exceed \$25,000 ("Threshold"), and then Seller shall only be required to pay or be liable for the excess over the Threshold.

(c) Except for any willful or fraudulent breach, the Seller's maximum liability to Purchaser pursuant to this Agreement shall not exceed thirty percent (30%) of the Purchase Price (the "Cap"); provided, however, that the limitation of the Cap shall not apply to any losses resulting from a breach of any representation or warranty contained in Sections 6.01, 6.02, 6.03, 6.04, 6.08, 6.09, 6.14 and 6.16.

(d) For the purposes of this Article XI, in computing such individual or aggregate amounts of claims, the amount of each claim shall be deemed to be an amount (i) net of any tax benefit realizable by Purchaser or any Affiliate thereof by reason of deductibility of such loss, damage or expense (determined by multiplying such deductible amount by the then applicable highest effective corporate income tax rate), and any deferred tax benefit attributable to such loss, damage or expense (determined on the same basis but present valued to the extent obtained through depreciation or amortization deductions) and (ii) net of any insurance proceeds and any indemnity, contribution or other similar payment recoverable by Purchaser or any Affiliate from any third party with respect thereto.

(e) Purchaser hereby acknowledges and agrees that its sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement and the Assumption Agreement shall be pursuant to the indemnification provisions set forth in this Article XI. In furtherance of the foregoing, Purchaser hereby waives, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action it may have against Seller arising under or based upon any Law (including, without limitation, any such rights, claims or causes of action arising under or based upon

common law or otherwise) or Environmental Laws, including, but not limited to, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act.

(f) Except as set forth in this Agreement, Seller is not making any representation, warranty, covenant or agreement with respect to the matters contained herein. Anything herein to the contrary notwithstanding, no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of Purchaser, after the consummation of the purchase and sale of the Facility and the Purchased Assets contemplated hereby, to rescind this Agreement or any of the transactions contemplated hereby.

(g) Seller shall have no liability under any provision of this Agreement for any liabilities and damages to the extent that such liabilities and damages relate to actions taken or not taken by Purchaser or its Affiliates after the Closing Date. In no event shall Seller be liable for consequential or punitive damages. Purchaser shall take all reasonable steps to mitigate all such liabilities and damages upon and after becoming aware of any event which could reasonably be expected to give rise to such losses, damages and expenses.

Section 11.03. Purchaser Indemnification. The Purchaser agrees to indemnify and hold the Seller harmless against any loss, damage or expense (including reasonable attorneys' fees), which arises out of or is in respect of (a) any material inaccuracy or misrepresentation in or material breach of any of the warranties, representations, covenants or agreements made by the Purchaser in this Agreement or in any certificate, document, instrument or affidavit furnished by the Purchaser in accordance with the provisions of this Agreement, and (b) any and all Assumed Liabilities.

Section 11.04. Indemnification Notice. Promptly upon obtaining knowledge of any claim, event, facts or demand which gives rise to, or could reasonably be expected to give rise to, a claim for indemnification hereunder (including in the case of a claim pursuant to Section 11.01 any claim which is not payable due to the limitations set forth in Section 11.02(b) hereof), any party seeking indemnification under this Article XI (an "Indemnified Party") shall give written notice of such claim or demand ("Notice of Claim") to the party from which indemnification is sought (an "Indemnifying Party"), setting forth the amount of the claim. The Indemnified Party shall furnish to the Indemnifying Party, in reasonable detail, such information as it may have with respect to such indemnification claim (including copies of any summons, complaint or other pleading which may have been served on it and any written claim, demand, invoice, billing or other document evidencing or asserting the same). No failure or delay by the Indemnified Party in the performance of the foregoing shall reduce or otherwise affect the obligation of any Indemnifying Party to indemnify and hold the Indemnified Party harmless, except to the extent that such failure or delay shall have adversely affected the Indemnifying Party's ability to defend against, settle or satisfy any loss, damage or expense for which the Indemnified Party is entitled to indemnification hereunder.

Section 11.05. Indemnification Procedure. (a) If the claim or demand set forth in the Notice of Claim given by the Indemnified Party pursuant to Section 11.04 of this Agreement is a claim or demand asserted by a third party, the Indemnifying Party shall have fifteen (15) days after the Date of the Notice of Claim to notify the Indemnified Party in writing of its election to defend such third party claim or demand on behalf of the Indemnified Party. If the Indemnifying Party elects to defend such third party claim or demand, the Indemnified Party shall make available to the Indemnifying Party and its agents and representatives all records and other materials which are reasonably required in the defense of such third party claim or demand and shall otherwise cooperate with, and assist the Indemnifying Party in the defense of, such third party claim or demand, and so long as the Indemnifying Party is defending such

third party claim or demand in good faith, the Indemnified Party shall not pay, settle or compromise such third party claim or demand. If the Indemnifying Party elects to defend such third party claim or demand, the Indemnified Party shall have the right to participate in the defense of such third party claim or demand, at its own expense. If the Indemnifying Party does not elect to defend such third party claim or demand, or does not defend such third party claim in good faith, the Indemnified Party shall have the right, in addition to any other right or remedy it may have hereunder, at the Indemnifying Party's expense, to defend such third party claim or demand; provided, however, that (i) the Indemnified Party shall not have any obligation to participate in the defense of, or defend, any such third party claim or demand; and (ii) the Indemnified Party's defense of or its participation in the defense of any such third party claim or demand shall not in any way diminish or lessen the obligations of the Indemnifying Party under the agreements of indemnification set forth in this Article XI.

(b) Except for third party claims being defended in good faith, the Indemnifying Party shall satisfy its obligations hereunder in cash within thirty (30) days after the Date of Notice of Claim.

(c) The term "Date of the Notice of Claim" as used in this Article XI shall mean the date the Notice of Claim is deemed delivered pursuant to Section 14.12 hereof.

Section 11.06. Effect of Indemnity Payments. The parties agree to treat all payments made under the indemnity provisions of Article XI of this Agreement as adjustments to the Purchase Price for Tax purposes and that such agreed treatment shall govern for purposes hereof.

ARTICLE XII

CONFIDENTIALITY

Section 12.01. Confidentiality of Materials. The parties hereto agree with respect to all technical, commercial and other information that is furnished or disclosed by another party, including, but not limited to, information regarding such party's (and its subsidiaries' and affiliates') organization, personnel, business activities, customers, policies, assets, finances, costs, sales, revenues, technology, rights, obligations, liabilities and strategies ("Information"), that, unless and until the transaction contemplated by this Agreement shall have been consummated, (a) such Information is confidential and/or proprietary to the furnishing/disclosing party and entitled to and shall receive treatment as such by the receiving party; (b) the receiving party will hold in confidence and not disclose nor use (except in respect of the transactions contemplated by this Agreement) any such Information, treating such Information with the same degree of care and confidentiality as it accords its own confidential and proprietary Information; provided, however, that the receiving party shall not have any restrictive obligation with respect to any Information which (i) is contained in a printed publication available to the general public, (ii) is or becomes publicly known through no wrongful act or omission of the receiving party, or (iii) is known by the receiving party without any proprietary restrictions by the furnishing/disclosing party at the time of receipt of such Information; and (c) all such Information furnished to either party by the other, unless otherwise specified in writing, shall remain the property of the furnishing/disclosing party and, in the event this Agreement is terminated, shall be returned to it, together with any and all copies made thereof, upon request for such return by it (except for documents submitted to a governmental agency with the consent of the furnishing/disclosing party or upon subpoena and which cannot be retrieved with reasonable effort) and in the case of (i) oral information furnished to any party by the other which shall have been reduced to writing by the receiving party and (ii) all internal documents of any party describing, analyzing or otherwise containing Information furnished by the other party, all such writings and documents shall be destroyed, upon request, in the event this Agreement is terminated, and each party shall confirm in writing to the other compliance with any such request.

Section 12.02. Remedy. Each party hereto acknowledges that the remedy at law for any breach by either party of its obligations under Section 12.01 of this Agreement is inadequate and that the other party shall be entitled to equitable remedies, including an injunction, in the event of breach by any other party.

ARTICLE XIII

CERTAIN OTHER UNDERSTANDINGS

Section 13.01. Post Closing Access to Records and Records Retention. (a) Each party agrees to provide the other with access to all relevant documents and other information which may be needed by such other party for purposes of preparing tax returns or responding to an audit by any Governmental Authority or for any other reasonable purpose. Such access will be during normal business hours and not unreasonably interfere with the business or operations of the other party.

(b) Without limiting Section 13.01(a) above, in order to facilitate the resolution of any claims made by or against or incurred by Seller after the Closing, upon reasonable notice, Purchaser shall, after the Closing: (i) afford the officers, employees and authorized agents and representatives of the Seller reasonable access, during normal business hours, to the offices, properties, books and records of Purchaser with respect to the Facility, (ii) furnish to the officers, employees and authorized agents and representatives of Seller such additional financial and other information regarding the Facility as Seller may from time to time reasonably request and (iii) make available to Seller, the employees of Purchaser whose assistance, testimony or presence of such persons as witnesses in hearings or trials for such purposes; provided, however, that such investigation shall not unreasonably interfere with the business or operations of Purchaser and Purchaser shall not be required to furnish any confidential materials to Seller.

(c) The Purchaser agrees for a period extending five (5) years after the Closing Date not to destroy or otherwise dispose of any records relating to the period prior to its acquisition of the Purchased Assets. After such five (5) year period, the Purchaser may destroy or otherwise dispose of such records if the Purchaser shall offer in writing to surrender such records to the Seller and the Seller shall fail to agree in writing to take possession thereof during the thirty (30) day period after such offer is made.

Section 13.02. Intentionally Omitted.

Section 13.03. Intentionally Omitted.

Section 13.04. Bulk Sale Waiver and Indemnity. The parties hereto acknowledge and agree that no filings with respect to any bulk sales or similar laws have been made, nor are they intended to be made, nor are such filings a condition precedent to the Closing.

Section 13.05. Removal of Trademarks, Etc.. As promptly as practicable after the Closing, and in no event later than thirty (30) days after the Closing Date, Purchaser agrees not to use and to delete, remove or otherwise obliterate from the Purchased Assets all trade names and trademarks of Seller or its Affiliates, including, but not limited to, references to "Central Hudson Gas & Electric Company" and derivatives thereof, including, without limitation, all logos.

Section 13.06. Supplemental Disclosure Schedule. Seller may supplement the Disclosure Schedule delivered pursuant hereto (as so supplemented, the "Supplemental Disclosure Schedules") from time to

time on or prior to the Closing Date. Such Supplemental Disclosure Schedules shall not be considered in determining whether the condition set forth in Section 8.02 has been met; provided, however, that in determining whether there is a breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement for purposes of the indemnification to be provided by Seller pursuant to Section 11.01 hereof, such representation, warranty, covenant or agreement shall be qualified by the Supplemental Disclosure Schedules.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Cost and Expenses. The Purchaser will pay its own costs and expenses (including attorneys' fees, accountants' fees and other professional fees and expenses) in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the purchase of the Purchased Assets and the other transactions contemplated by this Agreement (except as otherwise specifically provided for herein); and the Seller will pay its own costs and expenses (including attorneys' fees, accountants' fees and other professional fees and expenses) in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the sale of the Purchased Assets and the other transactions contemplated by this Agreement (except as otherwise specifically provided for herein).

Section 14.02. Entire Agreement. The Disclosure Schedule and the Exhibits referenced in this Agreement are incorporated into this Agreement and together contain the entire agreement between the parties hereto with respect to the transactions contemplated hereunder, and supersede all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the date hereof. No waiver and no modification or amendment of any provision of this Agreement shall be effective unless specifically made in writing and duly signed by the party to be bound thereby.

Section 14.03. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

Section 14.04. Assignment, Successors and Assigns. The respective rights and obligations of the parties hereto shall not be assignable without the prior written consent of the other parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns.

Section 14.05. Savings Clause. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof.

Section 14.06. Headings. The captions of the various Articles and Sections of this Agreement have been inserted only for convenience of reference and shall not be deemed to modify, explain, enlarge or restrict any of the provisions of this Agreement.

Section 14.07. Risk of Loss. Risk of loss, damage or destruction to the Purchased Assets shall be upon the Seller until the Closing, and shall thereafter be upon the Purchaser.

Section 14.08. Governing Law. The validity, interpretation and effect of this Agreement shall be governed exclusively by the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law.

Section 14.09. Press Releases. Pending Closing, all notices to third parties and all other publicity relating to the transactions contemplated by this Agreement shall be jointly planned, coordinated, and agreed to by the Purchaser and the Seller, except to the extent disclosures are required by Law.

Section 14.10. U.S. Dollars. All amounts expressed in this Agreement and all payments required by this Agreement are in United States dollars.

Section 14.11. Survival. All representations and warranties made by any party in this Agreement shall be deemed made for the purpose of inducing the other party to enter into this Agreement and shall survive the Closing, subject to Section 11.02(a) hereof.

Section 14.12. Notices. (a) All notices, requests, demand and other communications under this Agreement shall be in writing and delivered in person, or sent by facsimile or sent by certified mail, postage prepaid, and properly addressed as follows:

To The Seller:

Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601
Fax: (845) 486-5952
Attention: Jeffrey A. Clock
EMail: jclock@cenhud.com

To The Purchaser:

Lower Saranac Corporation
c/o Enel North America, Inc.
One Tech Drive, 2nd Floor,
Andover, Massachusetts 01810
Attn: Victor Engel
Fax: (978) 681-7727
Email: victor-engel@northamerica.enel.it

With Copy To:

Lower Saranac Corporation
c/o Enel North America, Inc.
One Tech Drive, 2nd Floor,
Andover, Massachusetts 01810
Attn: General Counsel
Fax: (978) 681-7727
Email: steve.champagne@northamerica.enel.it

(b) Any party may from time to time change its address for the purpose of notices to that party by a similar notice specifying a new address, but no such change shall be deemed to have been given until it is actually received by the party sought to be charged with its contents.

(c) All notices and other communications required or permitted under this Agreement which are addressed as provided in this Section 14.12 if delivered personally or air courier, shall be effective upon delivery; if sent by facsimile, shall be delivered upon receipt of proof of transmission and if delivered by mail, shall be effective upon deposit in the United States mail, postage prepaid.

Section 14.13. No Third Party Beneficiaries. This Agreement is solely for the benefit of Seller and its successors and permitted assigns with respect to the obligations of Purchaser under this Agreement, and for the benefit of Purchaser and its successors and permitted assigns with respect to the obligations of Seller under this Agreement. This Agreement shall not be deemed to confer upon or give to any other third party any remedy, claim, liability, reimbursement, cause of action or other right.

Section 14.14. Jurisdiction and Consent to Service. Each of Seller and Purchaser (i) agree that any suit, action or proceeding arising out of or relating to this Agreement shall be brought solely in the state or federal courts of the State of New York; (ii) consents to the exclusive jurisdiction of each such court in any suit, action or proceeding relating to or arising out of this Agreement; (iii) waives any objection that it may have to the laying of venue in any such suit, action or proceeding in any such court; and (iv) agrees that service of any court paper may be made in such manner as may be provided under applicable laws or court rules governing service of process.

Section 14.15. WAIVER OF A JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 14.16. No Presumption Against Drafter. Each of the parties hereto has jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by each of the parties hereto and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement the day and year first above written.

**CENTRAL HUDSON GAS & ELECTRIC
CORPORATION**

By: Carl E. Meyer
Title: President/COO

LOWER SARANAC CORPORATION

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement the day and year first above written.

**CENTRAL HUDSON GAS & ELECTRIC
CORPORATION**

By: _____
Title: _____

LOWESSARANAC CORPORATION

By: Walter A. Engel
Title: Vice President

Exhibits

Exhibit

Description

A	Assumption Agreement
B	Form of Interconnection Agreement
C	SC-10 Side Letter

Schedules

Disclosure Schedule

Schedule 1.01A
Inventory

NAME PLATE DATA

No. 1 Generator

HP 189/141KW Model VSW1 Frame 5009-P207

Poles 8 3 Phase 60 CPS F.L. Amps 45/43.6
RPM 889/909 Locked KVA Code G insl class F ambient 40°C
Shop Order 82F52421 Serial No. 1S-83-08

No. 2 Generator

HP 342/256 KW Model VSW1 Frame 5010-P20Z

Poles 8 3 Phase 60 CPS Volts 2300 F.L. Amps 83/80.3
RPM 887/910 Locked KVA Code F insl class F ambient 40°C
Time Cant. 90°C Rise at 1.15 service factor
Shop Order 82F52418 Serial No. 1S-83-08

No. 3 Generator

HP 710/530 KW Model VSW1 Frame 5810-P241

Poles 830 60 CPS Volts 2300 F.L. Amps 163/164
RPM 893/906 Locked KVA Code G insl class F ambient 40°C
Cant. 90°C Rise at 1.15 service factor
Shop Order 82F52419 Serial No. 1S-83-08

TURBINE #1, GEAR, GENERATOR

TURBINE

I.R.
Size 30WTA
GPM 22867
RPM 588

Serial # 078227
Head Ft. 30'
Sp. Gr. 1.0

GEAR

NUTTALL GEAR CORP.
Style No. 83R15815
Catalog No. SV8WT
Service H.P. 141 KW
Service Factor 2.06
Serial No. 8308

Ratio 1.4146
Output RPM 912

GENERATOR

WESTINGHOUSE
HP 189/141 KW Model VSW1 Frame 5009-P207
Poles 8 3 Phase 60 CPS F.L. Amps 45/43.6
RPM 889/909 Locked KVA Code G INSL Class F Ambient 40°C
Time Cont. 90°C Rise @1.15 Service Factor
STYLE 82F52421 SERIAL 1S-83—08

TURBINE #2, GEAR, GENERATOR

TURBINE

I.R.
Size 4OWTA
6PM 44843
RPM 500

Serial No. 068286
Head Ft. 30'
S.P. GR. 1.0

GEAR

NUTTALL GEAR CORP.
Style No. 83R15814
Catalog No. SU 11 Hi
Service H.P. 256
Service Factor 1.9
Serial No. 8308

Ratio 1.866
Output RPM 912

GENERATOR

WESTINGHOUSE
H.P. 342/256 KW Model VSW1Frame 5010—P2OZ
Poles 8 3 Phase Volts 2300 F.L. Amps 83/80.3
RPM 887/910 Locked KVA Code F INSL Class F Ambient 40°C
Time Cont. 90°C Rise at 1.15 Service Factor
STYLE SERIAL
82F52418 1S—83-08

TURBINE #3, GEAR, GENERATOR

TURBINE

I.R.

Size 58WTA

GPM 90,215

RPM 335

Serial No. 078226

Head Ft. 35'

SP. GR. 1.0

GEAR

NUTTALL GEAR CORP.

Style No. 83R15816

Catalog No. SV1SHT

Service H.P. 530 KW

Service Factor 1.47

Serial No. 8308

Ratio 2.7419

Output RPM 912

GENERATOR

H.P. 687/530 KW Model VSW1

Frame 5810-P24Z

Poles 8

60 CPS

Volts 2300

F.L. Amps 163/164

RPM 983/906 Locker KVA Code G INSCL F Amps 40⁰c

Con. 90⁰c Rise @1.15 S.F.

STYLE

SERIAL

82F52419

1S-83-08

Groville Mills – Storage Container

- 3 - 1/2" x 4' x 8' plywood sheets
- 1 - Murray 22" cut, 4 hp - Push Lawn Mower
- 1 - Yard Machine 22" cut, 5.75 hp Push Lawn Mower
- 1 - Weed eater – Featherlite XT-260, 16" cut, 25 cc weedwacker
- 1 - Green Thumb – Polypropylene Sprayer
- 125 (approx) – 1 1/2" x 4' Pipes for sockets in Dam (Flashboards)
- 1 - 9' x 36" wide Green Aluminum Jon Boat
- 2 - Wooden Paddles
- 1 - Minn Kota 22lb. Thrust, Model 35 – Electric Boat Motor
- 2 - 20' Aluminum Pike Poles
- 2 - 21 1/2" wide Trash Rakes on 12' wooden poles w/12' wooden Extension Poles
- 2 - 21 1/2" wide Trash Rakes – Heads (spares)
- 1 - 1 gallon Gas Container – Weed eater gas mix
- 1 - 2-gallon Gas Container – Lawn mowers
- 1 - 1/2 Reel of Zero Wire – (Dam Safety Cable)

Assorted Pieces of short chain

- 1 - 1/2 Reel of 1/4" Poly Safety Rope
- 1 - Shallow wheelbarrow

Assorted Yard Tools, shovels, rakes, grass whip

- 2 - Ratchet Cable Comealongs
- 2 - 12' Rough Cut 2" x 12"
- 2 - 12' 2" x 10"
- 2 - 12' Pressure Treated 4" x 4"
- 3 - 12' Pressure Treated 2" x 10"
- 1 - 6' Pressure Treated 2" x 10"
- 2 - 12' 2" x 4"
- 1 - Partial 5 gallon can – Water Plug

4 Shelf Unit (incidentals include the following: Tar strip, cable, Tarp, nails, cement, Plastic + metal pails, bar + chain oil, oil-gas mix oil)

2 - Lengths of Rope

- 1 - Partial Waste oil Drum (55 gal. Drum with Barrel wide Funnel Top)

Groville Mills – Office

On Counter - 1 Gateway PC with Flat Screen monitor + key board

Over PC – Sisco System Router

Following 4 Cards- (Condition Unknown) Cards were Replaced.

1 - IC 600 BF910 – 115 VAC Isolated Output Module – 6 points

1 - IC 600 BF910 B – Series Six ISO Output – 115 VAC

1 - IC600 CB 500 – Arithmetic Control Module – ALV 2

1 - IC600 CB502 – Advanced Logic Control Module

(Above cards on shelf above counter)

1 - Box – Office Gateway Setup Instructions, Program CDS, cables and Booklets

1 Box – Iconics – Dell Software – For PLC

Top Shelf – Operating + Maint Manuals for Turbine, Generators and Auxiliary Equipment

File Cabinets – Prints, Records, EAP's, Photos

1 - Water Gel – Fire Blanket

1 - 32 oz. Saline Eye Wash Station

1 - First Aid Kit

1 - CO2 Fire Extinguisher

1 - 18" D x 44" L x 65" H - Paints + Combustible Cabinet-Assortment of Paints – spray + Cans, Solvents, waist oilcan.

4 Shelf Unit – Bottom bins with Fittings + Flex Hoses

All other shelves contain various spare parts (condition unknown that were left by previous owners)

1 - Delta Bench Grinder – ¼ hp. Stone + Wire Wheel

1 - Bench Vise

8 - Tubes – Falk Steel flex grease

12- Tubes – Chevron SRI Grease

7 - Stainless Steel Oil Strainers (Filters)

1- Rigid Pipe Threaded Head- Adapted to Head Gate Operating Gear (to Raise + Lower Headgates)

Assorted Hand Tools, Conduit Clamps, Unistrut Straps, Elt. Fittings

4 - Grease Guns- For Different types of Grease

100+ Bins - Bins contain an Assortment of Small Nuts, Bolts, washers, fuses, switches, bulbs, wire nuts, etc.....

Assortment of Wire on Reels

Groville Mills – Turbine Floor

- 1 - CO 2 Fire Extinguisher**
- 1 - Wooden 8 ' Platform Ladder**
- 1 - Mop + Pail**
- 1 - Floor Broom**
- 1 - Floor Squeegee**
- 1 - Foreman's Stick**
- 1 - Garbage Can**
- 2 - Bundles – Oil Absorbent Pads**
- 2 - Plastic 5 gallon pails**
- 1 - 50 lbs. Calcium Chloride**
- 1 – 22lb Oil Absorbent (Litter)**

Schedule 1.01B

v. Lease of Real Property

Lease dated as of September 3, 1982, between Becacon Tex Realty Associates, as Landlord, and United American Hydropower Group, as Tenant, as thereafter amended and assigned by both parties

vii. Intellectual Property Rights

None

Execution Copy

Schedule 1.01C
Permitted Exceptions

[Real Estate Abstract Attached]

Feldman-Jacobson Abstract Corp.

POUGHKEEPSIE, N.Y. 12601

(845) 454-1171

800-339-2188

FAX (845) 454-8720

HERBERT JACOBSON, Esq.
CRAIG T. DIGILIO, Esq.
ROBERT A. FELDMAN - Consultant

ABSTRACT NO. RF 257-85

PREPARED FOR AND
CERTIFIED ONLY TO:

Central Hudson Env. Affairs & R&D Programs
Attn: Jeff Clock

PREMISES:

City of Beacon, County of Dutchess and State of New York
Southeasterly side of Front Street and lands of Spoor Lasher
Company, Inc.

RECORD TITLE INVESTED IN: Fishkill Creek Development Co., LLC. Title acquired by deed dated December 19, 1996 and recorded in the Dutchess County Clerk's Office on January 6, 1997 in Liber 1988 cp 628 made by Front Street Associates, LLC.

This is to CERTIFY that an examination has been made of the records of the County Clerk's Office of Dutchess County and the Surrogate's Court of Dutchess County against the Premises Under Examination from 8/2/00 to 12/15/06. The Proposed exceptions to title shown below are offered subject to the review of the applicant; these exceptions are for information only and are not to be construed as opinions of title:

1. Subject to such state of facts as an accurate survey or personal inspection of the premises may disclose.
2. Subject to the rights of the public in and to any highway crossing, abutting or adjoining said premises.
3. Subject to such easements or other rights not on record or unrecorded at time of search.
4. Subject to month to month tenancies or rights of tenants or persons in possession.
5. Subject to zoning restrictions or ordinances imposed by any governmental body or authority.
6. Subject to any separate village, town and/or city Tax or assessment which may form or create a lien upon said premises.
7. Subject to 2006 State, County and Town Taxes and 2006-07 School Taxes.
8. Subject to reservation of mining and minerals in Liber 57 cp 262.
9. Easement of ROW for pipe line in Liber 536 cp 6.
10. Utility easements in Liber 548 cp 276, Liber 552 cp 67, Liber 926 cp 435, Liber 545 cp 265, Liber 546 cp 176, Liber 546 cp 179, Liber 554 cp 6, Liber 585 cp 448, Liber 682 cp 129 and Liber 1216 cp 95.
11. Lease for Front Street in Liber 830 cp 434.
12. Easement in Liber 951 cp 489 as conveyed in Liber 1081 cp 249.
13. Lease in Liber 1589 cp 888 amended in Liber 1594 cp 595 and Document No. 02-2000-9829 assigned in Liber 1594 cp 945 and Liber 1821 cp 445 and Document No. 02-2000-9830 held by UAH-Groveville Hydro Associates.
14. Mortgage on Lease in Liber 1340 mp 484 held by C P Capital Inc.
15. Memorandum of Lease recorded in Document No. 02-1996-5353 held by Mechtronix Corporation.
16. Subject to point use of pump house as set forth in Liber 1237 cp 495.

See Next Page

Liability herein is not to exceed \$1,000.00.
If greater protection is desired, title insurance
is available

FELDMAN-JACOBSON/ABSTRACT CORP.

BY:

DATED: December 29, 2006

- 5
17. Mortgage in Document No. 01-2003-20300 and Mortgage in Document No. 01-2005-3728 as consolidated and held by Rhinebeck Savings Bank.
 18. Subject to terms of Assignment of Leases and Rents in Document No. 01-2003-20361.
 19. UCC Filed 3/1/05 #05-102F.
 20. Mechanic's Lien filed 1/13/05 #2005-6.

Front Street Associates

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UAH-Grovenum Hydro
Associates

Amendment NO. 2

DATED: 1-28-1993

ACK: 4-23-1993

REC'D: 10.31.2000 (see doc)

CONS:

DOC. NO.: 02:2000.9829

LIBER:

PAGE

See photo

DUTCHESS COUNTY CLERK RECORDING PAGE

RECORD & RETURN TO:

UNITED AMERICAN ENERGY CORP
50 TICE BLVD
WOODCLIFF LAKE NJ 07577

RECORDED: 10/31/2000

AT: 15:57:13

DOCUMENT #: 02 2000 9829

RECEIVED FROM: ELIZABETH NEVILLE
GRANTOR: FRONT STREET ASSOCIATES
GRANTEE: UAH GROVELLE HYDRO ASSOCIATES

RECORDED IN: DEED
INSTRUMENT TYPE: AMENDMENT

TAX
DISTRICT: CITY OF BEACON

EXAMINED AND CHARGED AS FOLLOWS:

RECORDING CHARGE: 30.00 NUMBER OF PAGES: 6

TRANSFER TAX AMOUNT:


TRANSFER TAX NUMBER:

E & A FORM: N

TP-584: N

*** DO NOT DETACH THIS PAGE
*** THIS IS NOT A BILL.

COUNTY CLERK BY: FRS /
RECEIPT NO: R61572
BATCH RECORD: D00385


RICHARD M. ANDERSON
County Clerk



AMENDMENT NO. 2

This Amendment No. 2, dated as of the 25th day of January 1993 and effective as of September 1, 1992 between Front Street Associates, a New York General Partnership ("Landlord"), UAH-Groveville Hydro Associates, a New York Limited Partnership or its permitted assignee ("Tenant's Agent"), and the Dutchess County Industrial Development Agency, a New York public benefit corporation ("Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant are parties as successors or assigns to that certain Lease made as of the 3rd day of September 1982 between Beacon-Tex Realty Associates, and United American Hydropower Group and recorded in the Dutchess County Clerk's office in Book 1589 of Deeds at Page 888, as was amended by Lease Amendment dated December 2, 1982 by and between Beacon-Tex Realty Associates and United American Hydropower Group, which lease amendment was recorded in the Dutchess County Clerk's office in Book 1594 of Deeds at Page 595, which lease as amended was assigned to UAH-Groveville Hydro Associates pursuant to an assignment dated January 20, 1983, and recorded in the Dutchess County Clerk's office in Book 1594 of Deeds at Page 945, which lease was further assigned to Dutchess County Industrial Development Agency pursuant to an assignment dated December 13, 1988, which assignment was recorded in the Dutchess County Clerk's office in Book 1821 of Deeds at Page 445 (collectively the "Lease"); and *CITY OF BEACON*

WHEREAS, Tenant's Agent has constructed and placed into commercial service the hydroelectric power plant as set forth in the Lease; and

WHEREAS, since entering into the Lease, Tenant's Agent has performed extensive remedial work to the dam as required by the Federal Energy Regulatory Commission (FERC); and

WHEREAS, the Rate for Energy under the Power Purchase Agreement between the Tenant's Agent and the Public Utility has not increased as expected since the first year of operation placing the Tenant's Agent in a difficult financial position.

NOW, THEREFORE, in consideration of the premises and other valuable consideration given unto the other, the sufficiency and receipt of which each party acknowledges, Landlord, Tenant, and Tenant's Agent agree as follows:

1. EXHIBIT C titled, "Rent Schedule" referred to in Article II titled, "Rent" shall be deleted and replaced in its entirety by the attached EXHIBIT C - REVISED.
2. Terms used in this Amendment No. 2 shall have the meanings set forth in the Lease.

PUWFF03-000002.pdf

3. Landlord, Tenant and Tenant's Agent each represent and warrant to each other that the execution, delivery and performance of this Amendment No. 2 have been duly authorized by all requisite action on their representative parts.
4. At the signing of this agreement, Landlord has advised Tenant, and Tenant has no expectation that Landlord, it's successors or assigns has any interest in and to the lands under and adjacent to or connected with the pond known as Whaley Pond or the pond known as the Little Pond, in the Town of Pawling, in the County of Dutchess and State of New York, nor to the rights of flowage from or rights to the dams or waters of said ponds or any other rights in connection therewith except to the extend that ownership of the property described in Exhibit A hereto otherwise confers any such rights.
5. Except as specifically modified hereby, the Lease remains in full force and effect and is ratified and confirmed by the parties hereto.

FRONT STREET ASSOCIATES

By: Bernard Sillins
Bernard Sillins, Partner

* Business Address:
C/O BTP Real Estate Ltd.
561 Seventh Avenue
New York, NY 10018

By: David Goodman
Its: President

*** Business Address:**
c/o United American Energy
50 Tico Blvd.
Woodcliff Lake, NJ 07675

F:\WTF\W01\01000000_034

By: M. J. J. J. J.
 In: _____

Business Address:
U.S. Route 9
Hyde Park, NY 12538

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STATE OF NEW JERSEY)
COUNTY OF Bergen) ss.:

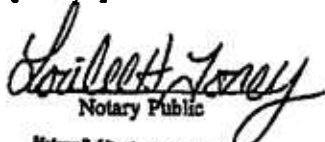
On this 22nd day of April, 1993, before me personally came David Goodman to me personally known to be the person who executed the foregoing instrument, and who, being duly sworn by me, did depose and say that he is President of the Managing General Partner a partnership and that he executed the foregoing instrument in the firm name of UAH-GROVEVILLE HYDRO ASSOCIATES, and that he had authority to sign the same, and he acknowledged to me that he executed the same as the act and deed of said partnership.


Notary Public

TRACEY A. O'CONNELL
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES APRIL 27, 1993

Florida
STATE OF NEW YORK)
COUNTY OF Palm Beach) ss.:

On this 9th day of April, 1993, before me personally came William Adler to me personally known to be the person who executed the foregoing instrument, and who, being duly sworn by me, did depose and say that he is a Partner of a general partnership and that he executed the foregoing instrument in the firm name of FRONT STREET ASSOCIATES, and that he had authority to sign the same, and he acknowledged to me that he executed the same as the act and deed of said partnership.


Notary Public

Notary Public, State of Florida
My Commission Expires June 6, 1995
Resided Three Tray Falls - Broward Co.

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STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

On this 15 day of April, 1993, before me personally came Bernard Sillins to me personally known to be the person who executed the foregoing instrument, and who, being duly sworn by me, did depose and say that he is a Partner of a general partnership and that he executed the foregoing instrument in the firm name of FRONT STREET ASSOCIATES, and that he had authority to sign the same, and he acknowledged to me that he executed the same as the act and deed of said partnership.

MARGHERITA M. CLEMENTO
Notary Public, State of New York
No. 0171-4884544
Qualified in Kings County
Commission Expires Jan. 26, 1995

Margherita M. Clemento
Notary Public

STATE OF NEW YORK)
COUNTY OF DUTCHESS) ss.:

On this 2nd day of MAY, 1993, before me personally came MICHAEL T. HARRIS to me personally known who being by me duly sworn did depose and say that he resides in the Town of EAST FISHKILL, that he is CHAIRMAN of DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY, the public benefit corporation described in and which executed the within instrument; and that he signed his name thereto by authority of said Corporation.

[Signature]
Notary Public

IAN G. McDONALD
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN DUTCHESS COUNTY
COMMISSION EXPIRES MARCH 29, 1995

FW77F031aand3.pdf

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EXHIBIT C - REVISED

Rent Schedule

Date Rent Due

September 1, 1992 to end of lease
and any renewal term thereafter

Amount of Rent Due

5% of that portion of Gross Revenues produced at a Rate for Energy in excess of 8 cents per KWH (kilowatt hour). If any portion of Gross Revenues are produced at a Rate for Energy of 8 cents per KWH or less then no rental payments are due hereunder in connection with such portion of Gross Revenues.

- (1) "Gross Revenues" are defined as all monies received by Tenant or Tenant's Agent from whatever source attributable to the generation of electrical energy at the Premises.
- (2) "Rate for Energy" is defined as the cash rate per KWH received by Tenant or Tenant's Agent from whatever source attributable to the generation of electrical energy at the Premises.
- (3) Example 1: During the entire year the Tenant or Tenant's Agent receives 8 cents per KWH for 3,000,000 KWH of energy produced. In this example the amount of Gross Revenues which were received by the Tenant or Tenant's Agent at a Rate for Energy in excess of 8 cents per KWH is \$0. The amount of rent due in this example year is \$0.

Example 2: During the first 6 months of the year the Tenant or Tenant's Agent receives 8 cents per KWH for 1,500,000 KWH of energy produced. During the second 6 months the Tenant or Tenant's Agent receives 10 cents per KWH for 1,500,000 KWH of energy produced.

In this example the amount of Gross Revenues which were received by the Tenant or Tenant's Agent at a Rate for Energy in excess of 8 cents per KWH is \$30,000 ($\$0.02 \times 1,500,000$ KWH). The amount of rent due in this example year is \$1,500 ($\$30,000 \times 0.05$).

Example 3: During the entire year the Tenant or Tenant's Agent receives 12 cents per KWH for 3,000,000 KWH of energy produced. In this example the amount of Gross Revenues which were received by the Tenant or Tenant's Agent at a Rate for Energy in excess of 8 cents per KWH is \$120,000 ($\$0.04 \times 3,000,000$ KWH). The amount of rent due in this example year is \$6,000 ($\$120,000 \times 0.05$).

P:\WP\PA\James\J.gtd

Dutchess County
Industrial Development
Agency

40

UAH-Groverville Hydro
Associates

Asmt of Lease

DATED: 1-1-2000
ACK: 9-29-2000
REC'D: 10-31-2000
CONS:

DOC. NO.: 02.2000-9830

LIBER:

PAGE

See photo

DUTCHESS COUNTY CLERK RECORDING PAGE

RECORD & RETURN TO:

UNITED AMERICAN ENERGY CORP
50 TICE BLVD
WOODCLIFF LAKE NJ 07677

RECORDED: 10/31/2000

AT: 16:01:40

DOCUMENT #: 02 2000 9830

RECEIVED FROM: ELIZABETH J NEVILLE

GRANTOR: DUT CO INDUSTRIAL DEVELOPMENT
GRANTEE: UAH GROVEVILLE HYDRO ASSOCIATES

RECORDED IN: DEED
INSTRUMENT TYPE: ASEN/L

TAX
DISTRICT: CITY OF BEACON

EXAMINED AND CHARGED AS FOLLOWS:

RECORDING CHARGE: 18.00

NUMBER OF PAGES: 2

TRANSFER TAX AMOUNT:

TRANSFER TAX NUMBER:

E & A FORM: N

*** DO NOT DETACH THIS PAGE
*** THIS IS NOT A BILL

TP-584: N

COUNTY CLERK BY: FRS /
RECEIPT NO: R61573
BATCH RECORD: D00386



Richard M. Anderson
RICHARD M. ANDERSON
County Clerk



ASSIGNMENT OF LEASE TO THE COMPANY

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a New York public benefit corporation, having an address at Three Neptune Road, Poughkeepsie, New York 12601 (the "Assignor"), in consideration of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby bargain, sell, assign, transfer, convey, grant, set over, remise and release to UAH-GROVEVILLE HYDRO ASSOCIATES, a New York limited partnership, having an address c/o United American Energy Corp., 50 Tice Boulevard, Woodcliff Lake, New Jersey 07675 (the "Assignee"), all of the Assignor's estate, right, title, interest, claim and demand in, to and under that certain lease dated September 3, 1982 by and between Beacon-Tex Realty Associates and United American Hydropower Group, as was recorded in the Dutchess County Clerk's Office in Liber 1589 of Deeds at page 888, as was amended pursuant to a certain lease amendment dated December 2, 1982 by and between Beacon-Tex Realty Associates and United American Hydropower Group, as was recorded in the Dutchess County Clerk's Office in Liber 1594 of Deeds at page 595, and as was assigned to UAH-Groveville Hydro Associates pursuant to an assignment dated January 20, 1983, as was recorded in the Dutchess County Clerk's Office in Liber 1594 of Deeds at page 945 and as was further assigned to the Dutchess County Industrial Development Agency pursuant to an assignment dated December 13, 1988, as was recorded in the Dutchess County Clerk's Office in Liber 1821 of Deeds at page 445, as amended by Amendment No. 2 dated January 23, 1993, (unrecorded), as assigned through mesne transfers of the demised real property to Fishkill Creek Development Co., LLC as landlord.

BY OF BEACON
TO HAVE AND TO HOLD the same under the Assignee and unto the successors, legal representatives and assigns of the Assignee forever.

This Assignment is made without recourse, representation, warranty or guarantee of whatsoever kind or nature.

IN WITNESS WHEREOF, the Assignor has executed this Assignment of Lease to the Company as of the 1st day of January, 2000.

DUTCHESS COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Michael J. Tomkovitch, Chairman

STATE OF NEW YORK)
) ss.:
COUNTY OF DUTCHESS)

On the 29th day of September, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL J. TOMKOVITCH, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


Notary Public
DONALD CAPPELLO
Notary Public, State of New York
Qualified in Dutchess County
No. 4542508
Commission Expires June 30, 2004

Fish Creek
Development Co., LLC

40

Rimbeck Savings
Bank

Mortgage

DATED: 7-24-2003

ACK: 7-24-2003

REC'D: 9-10-2003

CONS: Mtg amt \$500,000.00

DOC. NO.: 01-2003-20310

LIBER:

PAGE

CORERS - Clo Beach

Sp & SD as Parcel I in deed Liber 1988 op 128

See Agent # 01-2005-3729

Rhinbeck Swings Bar

Wino of Adler's

GO

Fishing Creek Development

CO LLC

DATED:

7.24.2003

ACK:

7.24.2003

REC'D:

9.10.2003

CONS:

DOC. NO.:

01.200320301

LIBER:

PAGE

See photo

DUTCHESS COUNTY CLERK RECORDING PAGE

RECORD & RETURN TO:

LEVINE & LEVINE PC
55 MARKET ST
POUGHKEEPSIE NY 12601

RECORDED: 09/10/2003

AT: 14:54:28

DOCUMENT #: 01 2003 20301

RECEIVED FROM: RONALD GOLDSAND

MORTGAGOR: FISHKILL CREEK DEVELOPMENT CO LLC
MORTGAGEE: RHINEBECK SVGS BANK

RECORDED IN: MORTGAGE
INSTRUMENT TYPE: MEMO/ASSN/LR

TAX
DISTRICT: CITY OF BEACON

EXAMINED AND CHARGED AS FOLLOWS:

RECORDING CHARGE: 44.00 NUMBER OF PAGES: 4

MORTGAGE AMOUNT:

MORTGAGE TYPE: NO TAX/NO SER.#

COUNTY TAX:
MTA TAX:
SPECIAL ADDL TAX:
1-6 FAMILY TAX:


*** DO NOT DETACH THIS
*** PAGE
*** THIS IS NOT A BILL

TOTAL TAX:

SERIAL NUMBER:

AFFIDAVIT: Y

COUNTY CLERK BY: MMB / _____
RECEIPT NO: R65841
BATCH RECORD: A00041


RICHARD M. ANDERSON
County Clerk



MEMORANDUM OF ASSIGNMENT OF LEASES AND RENTS

7/29 31
5
44

DATE OF ASSIGNMENT: July 24, 2003

ASSIGNEE: RHINEBECK SAVINGS BANK
2 Jefferson Plaza, Poughkeepsie, NY 12601

ASSIGNOR: FISHKILL CREEK DEVELOPMENT CO., L.L.C.
39 Front Street, Beacon, New York 12508

LEASES: All present and future leases for all or any part of the Premises as defined herein. Reference is hereby made to the Assignment for a description of the present leases.

PREMISES: All that certain lot, tract or parcel of land, together with any improvements and buildings thereon and the appurtenances thereto pertaining described in Schedule "A" annexed to this Memorandum and made a part hereof.

TERM OF ASSIGNMENT: The term of the Assignment commences on the date hereof and, subject to the provisions set forth in the Assignment of which this is a memorandum, expires upon payment in full of the loan made by the Assignee to the Assignor. Reference is made to the Assignment of which this is a memorandum for all the terms and provisions with regard to the term of the Assignment.

OTHER TERMS AND CONDITIONS: Reference to the Assignment will disclose the other terms and conditions thereof, but said Assignment provides that as long as no default shall exist under this Assignment, the Assignor shall have a license to manage and operate the Mortgaged Premises and to collect, receive and apply for its own account, all rents, issues and profits accruing by virtues of such Assigned Leases, and to execute and deliver proper receipts and acquittances therefor.

NOTE: This Memorandum of Assignment of Leases and Rents is entered into for recordation purposes only and shall not be deemed to be in substitution of, or to supersede, the actual Assignment between the parties referred to therein.

Title No., RGD 16739

Schedule A
(description)

All that certain piece, plot or parcel of land situate lying and being in the City of Beacon,
County of Dutchess, State of New York, bounded and described as follows:

PARCEL 1

BEGINNING at an iron pin set on the southeasterly side of Front Street, said pin being the point of intersection of said southeasterly side of Front Street with the southwesterly line of land now or formerly of Spoor-Lasher Company, Inc. as conveyed by the Groverville Corporation to Spoor-Lasher Company, Inc., in Liber 1081 cp 249; running thence along the southwesterly line of land of Spoor-Lasher Company, Inc. South 29° 21' 50" East 377.47 feet to a drill hole on dam; thence South 11° 15' 00" East 70.00 feet to the northerly bank of the Fishkill Creek; thence along the bank of said Creek South 82° 30' 30" West 318.28 feet, South 58° 18' 00" West 210.07 feet, South 58° 54' 57" West 107.78 feet, South 64° 24' 18" West 22.46 feet, South 78° 30' 05" West 79.31 feet, South 74° 18' 05" West 53.60 feet, and South 76° 41' 29" West 17.38 feet to the northeasterly line of land now or formerly of Ammann Manufacturing and Construction Company; thence along said last mentioned land North 48° 50' 00" West 11.33 feet, North 35° 42' 00" West 18.25 feet, and North 31° 18' 00" West 336.80 feet to a fence post; thence along a fence line and continuing along land of Ammann Manufacturing and Construction Company, North 58° 30' 00" East 121.52 feet, and North 31° 51' 00" West 60.00 feet to a point on the southeasterly side of Front Street; thence along said southeasterly side of Front Street North 58° 29' 00" East 724.79 feet to the point or place of BEGINNING.

IN WITNESS WHEREOF, this Memorandum of Assignment of Leases and
Rents is executed and sealed this 7th day of July, 2003.

FISHKILL CREEK DEVELOPMENT CO., L.L.C.


By: Robert Chiulli
ROBERT CHIULLI, Member

STATE OF NEW YORK)

ss.:

COUNTY OF DUTCHESS)

On the 24th day of July, 2003, before me, the undersigned, a notary public in and for said state, personally appeared ROBERT CHIULLI, personally known to me or proved to me on the basis of satisfactory evidence to be in 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/corporation upon behalf of which the individual(s) acted, executed the instrument.


Notary Public

ROBERT S. LEVINE
Notary Public, State of New York
Qualified in Dutchess County
Commission Expires March 30, 2006

RECORD & RETURN TO:

LEVINE & LEVINE, P.C.
55 Market Street
Poughkeepsie, NY 12601

RLD 15739

Recorded at request of:
Goldsand Agency
(914) 739-2700

Fish Creek Development Mtdg. Cons. ext & Mod agree

CO. LLC

40

Rhinbeck Savings
Bank

DATED:

2-25-2005

ACK:

2-28-2005

REC'D:

3-1-2005

CONS:

DOC. NO.:

01-20053729

LIBER:

PAGE

Consolidates Mtdg's in Doc # 01-200320300
& Doc # 01-20053728 to equal one single
line of \$1,000,000.00

054028 05/14

OUTER HESS COUNTY
CLERK'S OFFICE
RECEIVED

2005 MAR -1 PM 4:20

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

LEVINE & LEVINE, P.C.
55 MARKET STREET
POUGHKEEPSIE, NEW YORK 12601

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

FISHKILL CREEK DEVELOPMENT CO., L.L.C.

OR 1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTY

39 FRONT STREET

BEACON

NY

12508

USA

1d. SEE INSTRUCTIONS

ADDL INFO RE
ORGANIZATION
DEBTOR

1e. TYPE OF ORGANIZATION

Limited Liability Co.

1f. JURISDICTION OF ORGANIZATION

New York

1g. ORGANIZATIONAL ID #, if any

22-3481726

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTY

2d. SEE INSTRUCTIONS

ADDL INFO RE
ORGANIZATION
DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR SP) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

OR 3b. INDIVIDUAL'S LAST NAME

RHINEBECK SAVINGS BANK

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTY

2 JEFFERSON PLAZA

POUGHKEEPSIE

NY

12601

US

4. This FINANCING STATEMENT covers the following collateral:

SEE SCHEDULE "A" ATTACHED HERETO AND MADE A PART HEREOF

5. ALTERNATIVE DESIGNATION (if applicable)	LESSOR/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LIEN	NON-UC
6. <input checked="" type="checkbox"/> THIS FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (Additional Fee)		All Debtors		Debtor 1	
8. OPTIONAL FILER REFERENCE DATA						

05-1027 UC
05/11
DUKE COUNTY
CLERK'S OFFICE
RECEIVED

2005 MAR -1 PM 4:28

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

1a. ORGANIZATION'S NAME		
FISHKILL CREEK DEVELOPMENT CO., L.L.C.		
1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME				
11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - Insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME				
12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

39 FRONT STREET, CITY OF BEACON, COUNTY OF DUTCHESS, STATE OF NEW YORK
TAX ID #: 30-6055-04-590265

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

- ☐ Debtor is a TRANSMITTING UTILITY
☐ Filed in connection with a Manufactured-Home Transaction — effective 30 years
☐ Filed in connection with a Public-Finance Transaction — effective 30 years

Schedule "A"

All fixtures and articles of personal property now or hereafter used or to be used in the operation of said premises or any part thereof, and all replacements thereof, including partitions, elevators, engines, boilers, gas and electric fixtures, whether herein encumbered or not and constituting a part of the plant thereof and all other equipment machinery, appliances, fittings and fixtures of every kind in or used in the operation of any building now or hereafter standing on said premises.

NOTICE UNDER MECHANIC'S LIEN LAW

To the Clerk of the County of Dutchess

and all others whom it may concern:

Please Take Notice, that

Burke Electrical Contractors Inc.

as lienor(s) have and claim a lien on the real property hereinafter described as fol

(1) The names and residences of the lienor(s) are Burke Electrical Contractors Inc.

353 Main Street

Cold Springs, NY 10516

being a Corporation Duly organized and existing under and by virtue of the laws of the State of New York

whose business address is at 353 Main Street Cold Springs, NY 10516

and whose principal place of business is at 353 Main Street Cold Springs, NY 10516

(1a) The name and address of lienor's attorney, if any N/A

(2) The owner of the real property is Fishkill Creek Development Co LLC

and the interest of the owner as far as known to the lienor(s) is Fee Simple

(3) The name of the person by whom the lienor(s) was (were) employed is Beacon Self Storage

The name of the person to whom the lienor(s) furnished or is (are) to furnish materials or for whom the lienor(s) perfo
or is (are) to perform professional services is Beacon Self Storage

The name of the person with whom the contract was made is Beacon Self Storage

The name of the person for whom professional services were rendered is N/A

(4) The labor performed and Supplied and Installed Electrical Materials, Conduit, Timer, Wire
material furnished were

Section:

6055

Block:

4

The materials actually manufactured for but not delivered to the real property are N/A

Lot:

590165

The agreed price and value of the labor

performed and value of the material furnished is \$1,466.37

The agreed price and value of the material actually mfd. for but not delivered to the real prop. is

The agreed-fee for professional services is

Total agreed price and value \$1,466.37

(5) The amount unpaid to the lienor(s) for said labor
performed and said material furnished is

\$1,466.37

The amount unpaid to lienor(s) for material actually mfd. for but not delivered to the real prop. is

Total amount unpaid \$1,466.37

The total amount claimed for which this lien is filed is

\$1,466.37

(6) The time when the first item of work was performed was

3/24/2004

The time when the first item of material was furnished was

3/24/2004

The time when the last item of work was performed was

5/14/2004

The time when the last item of material was furnished was

5/14/2004

(7) The property subject to the lien is situated in Beacon(City of Beacon), County of Dutchess, State of New York

Known as: 39 Front Street "Beacon Self Storage"

Beacon(City of Beacon), NY

That said labor and materials were performed and furnished for and used, and that the professional services rendered
used, in the improvement of the real property hereinbefore described. That 8 months (4 months if a single family dwelling)
not elapsed dating from the last item of work performed, or from the last items of materials furnished, or since the completi
the contract, or since the final performance of the work, or since the final furnishing of the materials for which this lie
claimed.

Dated January 13, 2005

Mark Nash

The name signed must be printed beneath

Mark Nash, Agent

2005 JAN 13 PM 12:21

RECEIVED

STATE OF NEW YORK, COUNTY OF

SS.:

that deponent is Agent of the co-partnership named in the within notice of lien and the lienor(s) mentioned in the
 lien; that deponent has read the said notice and knows the contents thereof, and that the same is true to deponent's
 except as to the matters therein stated to be alleged on information and belief, and that as to those matters deponent believes
 true.

STATE OF NEW YORK, COUNTY OF Dutchess

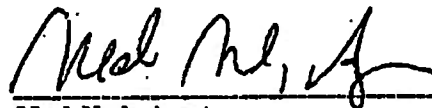
SS.:

CORPOR.

Mark Nash, being duly sworn, says

that deponent is the Agent of Burke Electrical Contractors Inc.
 herein, that deponent has read the foregoing notice of lien and knows the contents thereof, and that the same is true to deponent
 knowledge, except as to the matters therein stated to be alleged upon information and belief, and that as to those matters de
 believes it to be true. The reason why this verification is made by deponent is that deponent is an officer,
 to wit, the Agent of Burke Electrical Contractors Inc.
 which is a Domestic corporation, and deponent is familiar with the facts and circumstances herein.

The sources of deponent's information and the grounds of deponent's belief as to all matters not therein stated upon de
 knowledge are as follows: Books and records of said corporation.



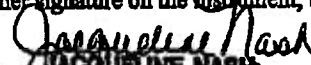
Mark Nash, Agent

State of New York

ss:

County of Nassau

On the 13 day of January in the year 2005, before me, the undersigned, a Notary Public in and for said
 State, personally appeared Mark Nash personally known to me or proved to me on the basis of
 satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she
 executed same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of
 which individual acted, executed the instrument.


 JACQUELINE NASH
 Notary Public, State of New York
 No. 01NA583637

Signature Commission Expires Nov. 28, 2006

LIEN LAW—§11 -be Copy of notice of lien to a contractor or subcontractor. Within thirty days after filing a notice of
 accordance with section ten of the lien law or the filing of an amendment of notice of lien in accordance with section twelve-a
 lien law the lienor shall serve a copy of such notice or amendment by certified mail on the contractor, subcontractor, assignee o
 representative for whom he was employed or to whom he furnished materials or if the lienor is a contractor or subcontractor
 person, firm or corporation with whom the contract was made. A lienor having a direct contractual relationship with a subcontra
 a sub-subcontractor but not with a contractor shall also serve a copy of such notice or amendment by certified mail to the con
 Failure to file proof of such a service with the county clerk within thirty-five days after the notice of lien is filed shall termin
 notice as a lien. Any lienor, or a person acting on behalf of a lienor, who fails to serve a copy of the notice of lien as required
 section shall be liable for reasonable attorney's fees, costs and expenses, as determined by the court, incurred in obtaining such c

FILING OF NOTICE OF LIEN—Notice of Lien may be filed at any time during the progress of the work and the furnishing
 materials, or, within eight months (four months if a single family dwelling) after the completion of the contract, or t
 performance of the work, or the final furnishing of the materials, dating from the last item of work performed or materials fin
 The Notice of Lien must be filed in the Clerk's office of the County where the property is situated. If such property is situated in
 more Counties, the Notice of Lien shall be filed in the office of the Clerk of each of such Counties. (Section 10 of Lien Law)

Affidavit of Service of Notice of Mechanic's Lien on Owner, Agent or Attorney

undersigned, being duly sworn, deposes and says that deponent is over 18 years of age and

on 1/13/2005 served the within Notice of Mechanic's Lien

on Fishkill Creek Development Co LLC
the owner herein
at 39 Front Street, Beacon, NY 12508

- ☐ by delivering a true copy to said owner personally. Deponent knew the person so served to be the owner.
- ☐ as the owner could not be found, by delivering a true copy to the *agent attorney* of the owner.
- ☐ as the owner could not be found, by leaving it at the last known place of residence of the owner in the city or town in which real property or some part thereof is situated, with
a person of suitable age and discretion.
- ☒ by depositing a true copy of same, enclosed in a *certified registered mail*, postpaid, properly addressed wrapper, in an official depository of the United States Postal Service in New York State.
- ☐ as the owner could not be found, has no last known place of residence in the city or town in which the real property or some part thereof is situated, and has no agent or attorney, by affixing a true copy thereof conspicuously on such property, at
(between the hours of nine o'clock in the forenoon and four o'clock in the afternoon)
- ☐ as the owner is a corporation, by personally delivering a true copy and leaving it with
the *president vice-president secretary clerk cashier treasurer director managing agent* of the corporation.
- ☐ as the owner is a corporation, and no officer of the corporation could be found within the state, by affixing a true copy conspicuously on such property at *m.* (between the hours of nine o'clock in the forenoon and four o'clock in the afternoon)
- ☐ as the owner is a corporation, and no officer of the corporation could be found within the state, by depositing a true copy of same, enclosed in a *certified registered mail*, postpaid, properly addressed wrapper, in an official depository of the United States Postal Service in New York State.

State of New York

ss:


Marie Ruiz

County of Nassau

On the 13 day of January in the year 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared Marie Ruiz personally known to me or proved to me on the basis of satisfactory evidence to be the individual who is subscribed to the within instrument and acknowledged to me that he/she executed same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which individual acted, executed the instrument.


Signature of Notary Public

MARK NASH
Notary Public, State of New York
No. 01NA4907968
Qualified in Nassau County
Commission Expires April 4, 2008

2005 JAN 13 PM 12:21

Affidavit of Service by Certified Mail

The undersigned, being duly sworn, deposes and says that deponent is over 18 years of age and on January 13, 2005 the undersigned served the within Notice of Lien on

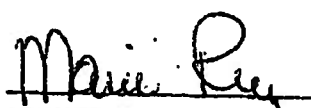
Beacon Self Storage

the contractor subcontractor assignee legal representative
at 39 Front Street, Beacon, NY 12508

by depositing a true copy of same, enclosed in a certified mail, postpaid, properly addressed wrapper, in an official depository of the United States Postal Service in New York State.

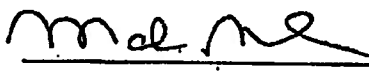
State of New York

ss:


Marie Ruiz

County of Nassau

On the 13 day of January in the year 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared Marie Ruiz personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose is subscribed to the within instrument and acknowledged to me that he/she executed same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which individual acted, executed the instrument.


Signature of Notary Public
MARK NASH
Notary Public, State of New York
No. 01NA4907968
Qualified in Nassau County
Commission Expires April 4, 2008

Mechanic's Lien

Claimant Burke Electrical Contractors Inc.

Residence

Business Address

353 Main Street

Cold Springs, NY 10516

against

Owner Fishkill Creek Development Co

Contractor Beacon Self Storage

Notice of Lien

Amount \$1,466.37

Filed

Premises known as

39 Front Street "Beacon Self Storage"

Beacon (City of Beacon), NY

Section: 6055

Block: 4

Lot: 590165

Post Office Address and Telephone Number

Burke Electrical Contractors Inc.

353 Main Street

Cold Springs, NY 10516

845-265-5033

03/24/04, 03/26/04

TAXES, ASSESSMENTS, WATER RATES AND SEWER CHARGES
which are liens on real property

ASSESSED VALUATION: LV

D

SCHOOL DISTRICT:

Beacon CSD

FV

81,000

EXEMPTION:

Code

Value

ASSESSED TO:

C. H. G. & E. Corp.

ADDRESS:

10 front st.

ACRES OR DIMENSIONS:

0

CITY/TOWN

Beacon

COUNTY OF DUTCHESS

Grid No.

30.0055.04.590105

Property Class Code:

811 (unknown Pcls)

Property is ☒ is not in an Agricultural District

Property is ☒ is not in Hazardous waste area

200

16-7

School Tax -

4839.33

200

10

State, County and Town Tax -

3015.24

TAXES, ASSESSMENTS, WATER RATES AND SEWER CHARGES
which are liens on real property

ASSESSED VALUATION: LV

50,000

FV

185,000

SCHOOL DISTRICT:

Beacon
CSD

EXEMPTION:

Code

Value

ASSESSED TO:

Fishkill Creek Dev. Co. LLC

ADDRESS:

3-39 front st.

ACRES OR DIMENSIONS:

8.7

CITY/TOWN

Beacon

COUNTY OF DUTCHESS

Grid No.

30.0055-04-590125

Property Class Code:

710

Property is ☒ is not in an Agricultural District

Property is ☒ is not in Hazardous waste area

200

6007

School Tax

- 11,052.79

200

6

State, County and Town Tax

- 6886.67

TAXES, ASSESSMENTS, WATER RATES AND SEWER CHARGES
which are liens on real property

ASSESSED VALUATION: LV 4,200 SCHOOL DISTRICT: Beacon CSD
FV 4,200

EXEMPTION: Code Value

ASSESSED TO: Fishkill Creek Dev Co LLC

ADDRESS: 51 front st.

ACRES OR DIMENSIONS: 3.5

CITY/TOWN

Beacon

COUNTY OF DUTCHESS

Grid No.

30.6055.04-535128

Property Class Code: 340

Property is ☒ is not ☐ in an Agricultural District

Property is ☒ is not ☐ in Hazardous waste area

200 6.7 School Tax - 250.93

200 6 State, County and Town Tax - 156.34

Schedule 2.03
Assumed Liabilities

None

Schedule 6.03
Consents and Approvals Required for Seller

Transfer of FERC license-Project 3511-001

Section 70 Approval by NYS PSC – Seller's obligation under the Asset Purchase Agreement to convey to Purchaser is subject to the condition precedent that the NYPSC either approve the transfer under Section 70 of the New York Public Service Law or allow the ninety day notice period provided in Section 70 to elapse without determining that the public interest requires that the NYPSC review the transaction and provide its written consent.

Schedule 6.06
Material Contracts

Lease dated as of September 3, 1982, with Front Street Associates (as successor in interest to Beacon-Tex Realty Associates)

Amendment No. 1 to Lease dated as of December 2, 1982, with Front Street Associates (as successor in interest to Beacon-Tex Realty Associates)

Amendment No. 2 to Lease dated as of January 25, 1993, between Front Street Associates, UAH-Groveville Hydro Associates and Dutchess County Industrial Development Agency

Schedule 6.07
Insurance

General Liability Insurance

Primary policy carrier: Associated Electric and Gas
Services Limited
Limit: \$35 million
Policy Number:
X0309A1A06
Retroactive date: 6/1/86

Property Insurance

Policy Carrier: Hartford Steam Boiler Inspection and Insurance Company – AIG
Limit: \$100 million
Policy Number: STA4103085

Workers Compensation

Policy Carrier – St. Paul Travelers Insurance Company

Schedule 6.09
Liens Against Tangible Purchased Assets

None

Schedule 6.10
Intellectual Property Infringement

None

Schedule 6.11
Litigation

None

Note: A personal injury accident occurring near the dam in 2005 is being monitored. No claim or litigation initiated to date.

Execution Copy

Schedule 6.12
Material Violation of Law

None

Schedule 6.13
Labor Matters

CHG&E bargaining unit employees work under the 2003 Agreement between Local 320 IBEW AFL-CIO and CH Energy Group, Central Hudson Gas & Electric Corp.
1-May-03

No current grievances/arbitration related to employees assigned to Groveville Mills.

Schedule 6.14
Taxes

None

Execution Copy

Schedule 6.15
Required Licenses and Permits Not Held by Seller

None

Execution Copy

Schedule 6.16
Environmental Compliance

None

Schedule 7.03
Consents and Approvals Required for Buyer

Transfer of FERC license-Project 3511-001

FERC Section 203 approval to sell at market based rates

Consent of Landlord

Schedule 9.04
Consents and Approvals Required for Seller

Section 70 Approval by NYS PSC – Seller's obligation under the Asset Purchase Agreement to convey to Purchaser is subject to the condition precedent that the NYPSC either approve the transfer under Section 70 of the New York Public Service Law or allow the ninety day notice period provided in Section 70 to elapse without determining that the public interest requires that the NYPSC review the transaction and provide its written consent.

Consent of Landlord

FORM OF ASSUMPTION AGREEMENT

This Assumption Agreement (this "Agreement") is made this []th day of [], 2007 by Lower Saranac Corporation, a New York corporation ("Purchaser").

RECITALS:

WHEREAS, Purchaser and Central Hudson Gas & Electric Corporation ("Seller"), have entered into that certain Asset Purchase Agreement (the "APA") dated as of January 24, 2007, whereby Purchaser purchased the Purchased Assets (as defined in the APA).

WHEREAS, pursuant to the terms of the APA, Purchaser is executing and delivering this Agreement in order to evidence Purchaser's assumption of the Assumed Liabilities (as defined in the APA).

WHEREAS, this Agreement is made, executed and delivered pursuant to and in accordance with the APA, the terms of which shall not be merged hereinto but shall survive the execution hereof as and to the extent provided therein.

NOW, THEREFORE, in consideration of the premises and the covenants set forth herein and in the APA and for good and valid consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser, intending to be legally bound, hereby agrees as follows:

1. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in the APA. In the event of a conflict between the terms of this Agreement and the APA, the terms of the APA will control.

2. Purchaser hereby assumes and agrees to pay, perform and discharge when due and on a timely basis all of the Assumed Liabilities; provided, however, that the assumption by Purchaser of the Assumed Liabilities shall not be construed, as between Purchaser on the one hand and the obligees of such Assumed Liabilities on the other hand, to defeat, impair or limit in any way any rights or remedies of Purchaser to contest or dispute the validity or amount thereof.

3. Notwithstanding anything in this Agreement to the contrary, Seller is retaining all obligations related to, and Purchaser is not assuming or in way becoming liable or responsible for, any of the Non-Assumed Liabilities.

4. Purchaser, and each of its successors and assigns, agrees that it shall do, execute, acknowledge and deliver, all acts, agreements, instruments, notices and assurances as may be reasonably requested by Seller to further effect and evidence the assumption by Purchaser of the Assumed Liabilities.

5. This Agreement shall be binding upon and inure to the benefit of Seller and Purchaser and their respective successors, permitted assigns and Affiliates. This Agreement shall

not be construed to confer any rights or benefit upon any Person, other than Seller and Purchaser or their respective successors, permitted assigns and Affiliates.

6. The validity, interpretation and effect of this Agreement shall be governed exclusively by the laws of the State of New York, including Sections 5-104 and 5-1402 of the New York General Obligations Law.

7. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

8. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

9. Nothing in this Agreement, express or implied, is intended or shall be construed to expand or defeat, impair or limit in any way the rights, obligations, claims or remedies of Seller or Purchaser as set forth in the APA.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Assumption Agreement on the day and year first above written.

LOWER SARANAC CORPORATION

By: _____

Name:

Title:

Acknowledged and Agreed:

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

By: _____

Name:

Title:

**NEW YORK STATE
STANDARDIZED CONTRACT
FOR INTERCONNECTION OF NEW DISTRIBUTED GENERATION UNITS
WITH CAPACITY OF 2 MW OR LESS CONNECTED IN PARALLEL WITH UTILITY
DISTRIBUTION SYSTEMS**

Customer Information:

Name: _____

Address: _____

Telephone: _____

Unit Application No. _____

Company Information:

Name: _____

Address: _____

Telephone: _____

DEFINITIONS

"Dedicated Facilities" means the equipment and facilities on the Company's system necessary to permit operation of the Unit in parallel with the Company's system..

"Delivery Service" means the services the Company may provide to deliver capacity or energy generated by Customer to a buyer to a delivery point(s), including related ancillary services.

"SIR" means the New York State Standardized Interconnection Requirements for new distributed generation units with a nameplate capacity of 2 MW or less connected in parallel with the Company's distribution system.

"Unit" means the distributed generation Unit with a nameplate capacity of 2 MW or less located on the Customer's premises at the time the company approves such Unit for operation in parallel with the Company's system. This Agreement relates only to such Unit, but a new agreement shall not be required if the customer makes physical alterations to the Unit that do not result in an increase in its nameplate generating capacity. The nameplate generating capacity of the unit shall not exceed 2 MW.

I. TERM AND TERMINATION

1.1 Term: This Agreement shall become effective when executed by both Parties and shall continue in effect until terminated.

1.2 Termination: This Agreement may be terminated as follows:

- a. The Customer may terminate this Agreement at any time, by giving the Company sixty (60) days' written notice.

Exhibit B to Asset Purchase Agreement

- c. Either Party may, by giving the other Party at least sixty (60) days' prior written notice, terminate this Agreement in the event that the other Party is in default of any of the material terms and conditions of this Agreement. The terminating Party shall specify in the notice the basis for the termination and shall provide a reasonable opportunity to cure the default.
- d. The Company may, by giving the customer at least sixty (60) days' prior written notice, terminate this Agreement for cause.

1.3 Disconnection and Survival of Obligations: Upon termination of this Agreement the Unit will be disconnected from the Company's electric system. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

1.4 Suspension: This Agreement will be suspended during any period in which the Customer is not eligible for delivery service from the Company.

II. SCOPE OF AGREEMENT

2.1 Scope of Agreement: This Agreement relates solely to the conditions under which the Company and the Customer agree that the Unit may be interconnected to and operated in parallel with the Company's system.

2.2 Electricity Not Covered: The Company shall have no duty under this Agreement to account for, pay for, deliver, or return in kind any electricity produced by the Facility and delivered into the Company's system.

III. INSTALLATION, OPERATION AND MAINTENANCE OF UNIT

3.1 Compliance with SIR: Subject to the provisions of this Agreement, the Company shall be required to interconnect the Unit to the Company's system, for purposes of parallel operation. The Customer shall have a continuing obligation to maintain and operate the Unit in compliance with existing Company requirements.

3.5 Observation of the Unit – Operations: The Company may conduct on-site verification of the operations of the Unit after it commences operations if the Company has a reasonable basis for doing so based on its responsibility to provide continuous and reliable utility service or as authorized by the provisions of the Company's Retail Tariff relating to the verification of customer installations generally.

3.6 Costs of Dedicated Facilities: During the term of this Agreement, the Company shall design, construct and install the Dedicated Facilities. . All costs associated with the operation and maintenance of the Dedicated Facilities after the Unit first produces energy shall be the responsibility of the Company.

IV. DISCONNECTION OF THE UNIT

Exhibit B to Asset Purchase Agreement

4.1 Emergency Disconnection: The Company may disconnect the Unit, without prior notice to the Customer (a) to eliminate conditions that constitute a potential hazard to Company personnel or the general public; (b) if pre-emergency or emergency conditions exist on the Company system; (c) if a hazardous condition relating to the Unit is observed by a utility inspection; or (d) if the Customer has tampered with any protective device. The Company shall notify the Customer of the emergency if circumstances permit.

4.2 Non-Emergency Disconnection: The Company may disconnect the Unit, after notice to the responsible party has been provided and a reasonable time to correct, consistent with the conditions, has elapsed, if (a) the Customer has failed to make available records of verification tests and maintenance of his protective devices; (b) the Unit system interferes with Company equipment or equipment belonging to other customers of the Company; (c) the Unit adversely affects the quality of service of adjoining customers.

4.3 Disconnection by Customer: The Customer may disconnect the Unit at any time.

4.4 Utility Obligation to Cure Adverse Effect: If, after the Customer meets all interconnection requirements, the operations of the Company are adversely affecting the performance of the Unit or the Customer's premises, the Company shall immediately take appropriate action to eliminate the adverse effect. If the Company determines that it needs to upgrade or reconfigure its system the Customer will not be responsible for the cost of new or additional equipment beyond the point of common coupling between the Customer and the Company.

V. ACCESS

5.1 Access to Premises: The Company shall have access to the disconnect switch of the Unit at all times. At reasonable hours and upon reasonable notice consistent with Section III of this Agreement, or at any time without notice in the event of an emergency (as defined in paragraph 4.1), the Company shall have access to the Premises.

5.2 Company and Customer Representatives: The Company shall designate, and shall provide to the Customer, the name and telephone number of a representative or representatives who can be reached at all times to allow the Customer to report an emergency and obtain the assistance of the Company. For the purpose of allowing access to the premises, the Customer shall provide the Company with the name and telephone number of a person who is responsible for providing access to the Premises.

5.3 Company Right to Access Company-Owned Facilities and Equipment: If necessary for the purposes of this Agreement, the Customer shall allow the Company access to the Company's equipment and facilities located on the Premises. To the extent that the Customer does not own all or any part of the property on which the Company is required to locate its equipment or facilities to serve the Customer under this Agreement, the Customer shall secure and provide in favor of the Company the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

VI. DISPUTE RESOLUTION

Exhibit B to Asset Purchase Agreement

6.1 Good Faith Resolution of Disputes: Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.

6.2 Mediation: If a dispute arises under this Agreement, and if it cannot be resolved by the Parties within ten (10) working days after written notice of the dispute, the parties agree to submit the dispute to mediation by a mutually acceptable mediator, in a mutually convenient location in New York State, in accordance with the then current CPR Institute for Dispute Resolution Mediation Procedure, or to mediation by a mediator provided by the New York Public Service Commission. The parties agree to participate in good faith in the mediation for a period of up to 90 days. If the parties are not successful in resolving their disputes through mediation, then the parties may refer the dispute for resolution to the New York Public Service Commission, which shall maintain continuing jurisdiction over this agreement.

6.3 Escrow: If there are amounts in dispute of more than two thousand dollars (\$2,000), the Customer shall either place such disputed amounts into an independent escrow account pending final resolution of the dispute in question, or provide to the Company an appropriate irrevocable standby letter of credit in lieu thereof.

VII. INSURANCE

7.1 Disclosure: The Customer is not required to provide general liability insurance coverage as part of this Agreement, or any other Company requirement. Due to the risk of incurring damages, the Public Service Commission recommends that every distributed generation customer protect itself with insurance, and requires insurance disclosure as a part of this Agreement. The Customer hereby discloses as follows:

(Note: Check off one of the boxes below.)

☒ [X] the Customer has obtained, or already has in effect under an existing policy, general liability insurance coverage for operation of the Unit and intends to maintain such coverage for the duration of this Agreement (attach Certificate of Insurance or copy of Policy); or

☐ [] the Customer has not obtained general liability insurance coverage for operation of the Unit and/or is self-insured.

7.2 Effect: The inability of the Company to require the Customer to provide general liability insurance coverage for operation of the Unit is not a waiver of any rights the Company may have to pursue remedies at law against the Customer to recover damages.

VIII. MISCELLANEOUS PROVISIONS

8.1 Third Parties: This Agreement is intended solely for the benefit of the parties hereto. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a party to this Agreement.

8.2 Severability: If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion or provision shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

Exhibit B to Asset Purchase Agreement

8.3 Entire Agreement: This Agreement constitutes the entire Agreement between the parties and supersedes all prior agreements or understandings, whether verbal or written.

8.4 Waiver: No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. In the event that any agreement or covenant herein shall be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

8.5 Applicable Law: This Agreement shall be governed by and construed in accordance with the law of the State of New York.

8.6 Amendments: This Agreement shall not be amended unless the amendment is in writing and signed by the Company and the Customer.

8.7 Force Majeure: For purposes of this Agreement, "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible.

8.8 Assignment to Corporate Party: At any time during the term, the Customer may assign this Agreement to a corporation or other entity with limited liability, provided that the Customer obtains the consent of the Company. Such consent will not be withheld unless the Company can demonstrate that the corporate entity is not reasonably capable of performing the obligations of the assigning Customer under this Agreement.

8.9 Assignment to Individuals: At any time during the term, a Customer may assign this Agreement to another person, other than a corporation or other entity with limited liability, provided that the assignee is the owner, lessee, or is otherwise responsible for the Unit.

8.10 Permits and Approvals: Customer shall obtain all environmental and other permits lawfully required by governmental authorities prior to the construction and for the operation of the Unit during the term of this Agreement.

8.11 Limitation of Liability: Neither by inspection, if any, or non-rejection, nor in any other way, does the Company give any warranty, express or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices appurtenant thereto.

Exhibit B to Asset Purchase Agreement

ACCEPTED AND AGREED:

Customer: _____

Date: _____

Company: _____

Date: _____

SC-10 Agreement

This SC-10 Agreement (this "Agreement") dated as of [], 2007 (the "Effective Date"), is entered into between Central Hudson Gas & Electric Corporation ("Seller") and Lower Saranac Corporation ("Purchaser").

WHEREAS, Seller and Purchaser have entered into that certain Asset Purchase Agreement, dated as of January 24, 2007 (the "Purchase Agreement"), pursuant to which Seller agreed to sell to Purchaser, and Purchaser agreed to purchase from Seller, the Purchased Assets (as such term is defined in the Purchase Agreement);

WHEREAS, capitalized terms used herein without definition shall have the meaning set forth in the Purchase Agreement;

WHEREAS, pursuant to Sections 8.07 and 9.06 of the Purchase Agreement, if Purchaser has not have received approval of the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser, then Purchaser and Seller have agreed to enter into this Agreement, until such time as Purchaser receives such approval of the NYISO;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Seller and Purchaser agree as follows:

1. Sale of Power. Purchaser hereby agrees to sell to Seller, and Seller hereby agrees to purchase from Purchaser, all power generated by Purchaser at the Facility, pursuant to the terms and conditions set forth in, and at the rates specified in Service Classification No. 10, attached hereto as Exhibit A ("SC-10"); provided, however, that notwithstanding anything to the contrary set forth in SC-10, Seller shall not charge Purchaser for any of the amounts set forth in Special Provision A of SC-10.

2. Term. This Agreement shall be effective from the Effective Date until such time as Purchaser shall initiate Market-based sales pursuant to approval received from the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser and its affiliates, and the Purchaser and Seller shall have entered into the Interconnection Agreement, substantially in the form attached as Exhibit B to the Purchase Agreement. Seller and Purchaser hereby agree to execute and deliver such an Interconnection Agreement within three (3) business days after such approval is received.

3. Consents and Approvals. The Seller's obligation under this Agreement shall be contingent upon Purchaser obtaining all consents, approvals or authorizations of the Governmental Authorities required to allow sale of the power generated by the Facility to Seller.

4. Governing Law. The validity, interpretation and effect of this Agreement shall be governed exclusively by the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law.

5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

6. Notices. All notices, requests, demand and other communications under this Agreement shall be in writing and delivered in person, or sent by facsimile or sent by certified mail, postage prepaid, and

Exhibit C to Asset Purchase Agreement

properly addressed to the appropriate party at the addresses set forth in Section 14.12 of the Purchase Agreement.

7. No Third Party Beneficiaries. This Agreement is solely for the benefit of Seller and its successors and permitted assigns with respect to the obligations of Purchaser under this Agreement, and for the benefit of Purchaser and its successors and permitted assigns with respect to the obligations of Seller under this Agreement. This Agreement shall not be deemed to confer upon or give to any other third party any remedy, claim, liability, reimbursement, cause of action or other right.

8. Jurisdiction and Consent to Service. Each of Seller and Purchaser (i) agree that any suit, action or proceeding arising out of or relating to this Agreement shall be brought solely in the state or federal courts of the State of New York; (ii) consents to the exclusive jurisdiction of each such court in any suit, action or proceeding relating to or arising out of this Agreement; (iii) waives any objection that it may have to the laying of venue in any such suit, action or proceeding in any such court; and (iv) agrees that service of any court paper may be made in such manner as may be provided under applicable laws or court rules governing service of process.

9. WAIVER OF A JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties hereto have executed this SC-10 Agreement the day and year first above written.

**CENTRAL HUDSON GAS & ELECTRIC
CORPORATION**

By: _____
Title: _____

LOWER SARANAC CORPORATION

By: _____
Title: _____

Exhibit C to Asset Purchase Agreement

Exhibit A
Service Classification No. 10

[Attached]

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 09/01/03

LEAF: 228
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 10

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES

APPLICABLE TO

Purchase of energy and capacity or energy only, by the Company from a Customer operating an on-site qualifying generating facility, subject to the Special Provisions of this Service Classification. Written application upon the Company's prescribed forms is required.

A qualifying generation facility shall be defined as a generating facility that is a "Small Power Production Facility" or a "Cogeneration Facility" as defined in Section 292.203(a) or (b) of Title 18 of the Code of Federal Regulations or a "co-generation facility," "alternate energy production facility," or "small hydro facility," as defined in Section 2 of the New York Public Service Law.

A Customer electing to engage in simultaneous purchase and sale of energy with the Company must sell its energy output to the Company under this Service Classification and may contract for its electrical requirements under the appropriate Service Classification for full, supplemental, back-up and/or maintenance service.

As an alternative, a prospective Customer operating a qualifying generating facility capable of electric generation in excess of 100 Kw. may negotiate a long term contract with the Company.

The Company reserves the right to limit the amount of capacity and energy it will take from a customer or to refuse to accept a customer under this Service Classification where engineering considerations dictate that such actions are reasonable.

CHARACTER OF SERVICE

60 cycle alternating current of the voltage and character at which the Company provides service to the Customer, or otherwise of a voltage and character available at the location and appropriate to the Customer's generating plant.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York

Received: 05/29/2003

Status: EFFECTIVE
Effective Date: 09/01/2003

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 09/01/03

LEAF: 229
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

RATING PERIODS

On-Peak: 7 AM - 11 PM Inclusive on Weekdays, except Holidays, all months

Off-Peak: 11 PM - 7 AM Inclusive on Weekdays, and All Day on Saturdays, Sundays
and North American Electric Reliability Council (NERC) Holidays, all months

NERC Holidays are New Year's Day, Memorial Day, Independence Day, Labor Day,
Thanksgiving Day and Christmas Day

MONTHLY RATE TO BE PAID BY COMPANY

The payment rates for customers taking service under this Service Classification
or under negotiated contracts that are based upon the Service Classification No.
10 payment rate shall be as follows:

1. Payment Rate for Energy

The energy payment rates will be the monthly average of the hourly
Integrated/Time Weighted Locational-Based Marginal Price (LBMP) in the Real-
Time Market for the New York State Independent System Operator (NYISO) Zone G
in the rating period when the purchase is made.

For customers delivering energy at the secondary distribution level, the LBMP
will be increased by the Company's Factor of Adjustment as defined in General
Information Section 29 of this tariff, rounded to the nearest \$0.00001 per
kWh.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 09/01/03

LEAF: 230
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

MONTHLY RATE TO BE PAID BY COMPANY (Cont'd)

2. Payment Rate for Capacity

The Company will pay for the capacity it purchases under this Service Classification at a rate based on the pre-capability period strip auction price set by the NYISO for Zone G prior to the start of each summer and winter period.

Sellers opting to sell capacity to the Company will be required to enter into a sales agreement with the Company for the purchase of such capacity. Such agreements must include, among other things, provisions requiring the capacity to satisfy all of the requirements applicable to unforced capacity (UCAP) established by the NYISO, including reimbursements for capacity deficiencies imposed by the NYISO on the Company as a result of the Seller's failure to satisfy all such requirements.

3. Adjustment to Rates and Charges

To the extent that a minimum unit rate applies under Section 66-c of the Public Service Law, the annual average rate to be paid under this Service Classification shall be no less than 6.0 cents per kilowatt-hour, trued up each month.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York

PSC NO: 15 ELECTRICITY LEAF: 231
 COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 3
 INITIAL EFFECTIVE DATE: 08/01/06 SUPERSEDING REVISION: 1
 Issued in Compliance with Order in C.05-E-0934 dated July 24, 2006

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

MONTHLY RATE TO BE PAID BY THE CUSTOMER

1. Monthly Metering and Minimum Charge

A customer who takes service under another Service Classification in addition to this Service Classification shall pay a Metering Charge for a time differentiated kilowatthour metering device plus any applicable Distribution Demand Charges.

Metering Charge

<u>Service Level</u>	<u>Effective</u> <u>August 1, 2006</u>	<u>Effective</u> <u>July 1, 2007</u>	<u>Effective</u> <u>July 1, 2008</u>
Secondary			
or Primary up to 1000 kW	\$ 90.00	\$100.00	\$110.00
Primary in excess of 1000 kW	\$400.00	\$400.00	\$400.00
Substation or Transmission	\$500.00	\$500.00	\$500.00

A customer who takes service solely under Service Classification No. 10 shall pay a Minimum Charge plus any applicable Distribution Demand Charges.

Minimum Charge

<u>Service Level</u>	<u>Effective</u> <u>August 1, 2006</u>	<u>Effective</u> <u>July 1, 2007</u>	<u>Effective</u> <u>July 1, 2008</u>
Secondary			
or Primary up to 1000 kW	\$ 95.00	\$105.00	\$115.00
Primary in excess of 1000 kW	\$405.00	\$405.00	\$405.00
Substation or Transmission	\$505.00	\$505.00	\$505.00

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 1/01/04

LEAF: 232
REVISION: 3
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

MONTHLY RATE TO BE PAID BY THE CUSTOMER (Cont'd)

2. Monthly Distribution Demand Charge

For a customer who is selling energy to the Company at distribution voltage there shall be a charge for each kW of Contract Demand. If a customer is receiving service under the terms of another Service Classification through the same meter, the Contract Demand charges under this Service Classification shall apply only to the increment of demand in excess of the maximum annual demand billed under such other Service Classification. For a non-demand measured Service Classification such maximum annual demand taken shall be determined at the time that application for this Classification is made. Such determination shall be made on the basis of the applicable class relationship of noncoincident demand to energy consumption, and shall be considered the customer's Contract Demand.

	<u>Service Level</u>		
	<u>Secondary</u>	<u>Primary</u>	<u>Substation</u>
Contract Demand Charge	\$0.68/kW	\$2.35/kW	\$1.61/kW

3. Increase in Rates and Charges

The rates and charges under this Service Classification, including the monthly minimum charge, are increased pursuant to General Information Section 30 to reflect the tax rates applicable within the municipality where the customer takes service.

DETERMINATION OF CONTRACT DEMAND

The Contract Demand initially shall be the kilowatts specified in the Customer's application for service hereunder and shall be automatically increased to the highest average kilowatts measured in a 15-minute interval during the month, but not less than 100 percent of the greatest such measured demand in the preceding eleven (11) months. In no event shall the Contract Demand be less than zero kW.

PSC NO: 15 ELECTRICITY LEAF: 233
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 12/10/04 SUPERSEDING REVISION: 1
Issued in Compliance with Order in C.02-E-1282 dated November 17, 2004

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

DETERMINATION OF CONTRACT DEMAND (Cont'd)

If the measured demand exceeds the current Contract Demand by 10 percent or less, a surcharge equal to 12 times the monthly Contract Demand charge for such excess demand will apply to that monthly bill, and the Contract Demand will then be determined in accordance with the provisions of Determination of Contract Demand above.

If the measured demand exceeds the current Contract Demand by more than 10 percent, a surcharge equal to 24 times the monthly Contract Demand charge for such excess demand will apply to that monthly bill, and the Contract Demand will then be determined in accordance with the provisions of Determination of Contract Demand above.

TERMS OF PAYMENT

Bills are due when personally served or three days after mailing. Bills shall be subject to a late payment charge in accordance with General Information, Section 16, if payment is not made by the date specified on the bill which date shall not be less than 20 days from the due date.

TERM

One year from commencement of service hereunder and continuously thereafter until permanently canceled by the Customer upon 90 days prior written notice to the Company. Cancellation by the Customer followed by resumption of service at the same location within one year shall not modify in any way the Determination of Contract Demand as provided above.

SPECIAL PROVISIONS

- A. A Customer who operates generating equipment with a total nameplate rating of 2 MW or less connected in parallel with the Company's distribution system shall be subject to the interconnection requirements of General Information Section 3.C and shall be subject to the following charges:

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York

PSC NO: 15 ELECTRICITY LEAF: 234
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 12/10/04 SUPERSEDING REVISION: 1
Issued in Compliance with Order in C.02-E-1282 dated November 17, 2004

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

SPECIAL PROVISIONS (Cont'd)

A. (Cont'd)

- (1) a non-refundable application fee of \$350, payable at the time of application, such fee is not applicable for generating equipment with a total rating of 15 kVA or less;
- (2) a cost-based advance payment for the estimated cost of the Company's review of the customer's proposed interconnection design package and for any studies performed by the Company to ensure the safety and reliability of the electric system with respect to the interconnection of the Customer's generating equipment; and
- (3) an advance payment for the estimated costs of any equipment and facilities installed on the Company's system, including metering, necessary to permit operation of the Customer's generating equipment in parallel with the Company's system.

The Company shall reconcile its actual cost items (2) and (3) with the advance payments made by the Customer and the Customer shall pay or the Company shall refund, without interest, the difference. Under no circumstances shall the Company refund the application fee.

- B. A Customer who operates generating equipment with a total nameplate rating greater than 2 MW shall, at its expense, comply with the Company's interconnection requirements as fully set forth in a separate agreement between the Company and the Customer specifying the operating mode, interconnection and equipment specifications.

Where the Customer is taking service under another Service Classification, the Customer and Company shall agree as to the manner of payments for interconnection costs which exceed the costs ordinarily incurred in rendering the same Contract Demand under the applicable Service. Upon mutual agreement, the Customer may select from the following payment options:

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 09/01/03

LEAF: 235
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

SPECIAL PROVISIONS (Cont'd)

B. (Cont'd)

- (1) The Customer will furnish, own and operate all special equipment and the Company will maintain such equipment, in return for which the Customer, or its successors on the site, will pay a monthly maintenance charge of 0.75 percent based upon the Customer's total investment in such interconnection equipment for the duration of its/their operations on the site, whether or not the equipment is in use.
- (2) The Customer will furnish, own, operate and maintain all special equipment, provided that the equipment and maintenance are suitable for interconnected operations. Such equipment shall be made available for Company inspection as may reasonably be required.

C. The Company will be relieved of its obligation to purchase energy during any period in which the Company suffers a system emergency. In such circumstances, the Company will notify the Customer to cease supplying energy, or reduce the amount of such supply, to the Company. For purposes of this Provision, a system emergency is defined as a condition which is imminently likely to endanger life or property or result in significant disruption of service to any Customer.

D. The Customer shall provide advance notice to the Company of any planned changes in the Customer's facilities that would alter the operating mode, Customer's demand and energy requirements or the Customer's generating capacity. No significant changes shall be made without agreement by the Company. The Company shall have the right to inspect its facilities located on the Customer's property and the Customer's generating and interconnection facilities at all reasonable times.

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 09/01/03

LEAF: 235.1
REVISION: 0
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS
WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

SPECIAL PROVISIONS (Cont'd)

- E. Qualifying small suppliers of energy, whose deliveries are random in nature (such as windmills), may elect to sell their output to the Company on a non-time differentiated basis. Deliveries will be measured using a standard kilowatt-hour meter. The Customer will pay the installed cost of the necessary metering equipment at the time of installation in lieu of all Metering, Minimum and Distribution Demand Charges otherwise applicable under this Service Classification. This Provision is limited to secondary single phase service. For electricity purchased by the Company from the Customer, the Company will pay the applicable monthly average of the Hourly LBMPs in the Real Time Market for NYISO Zone G. However, to the extent that a minimum unit rate applies under Section 66-c of the Public Service Law, the average annual rate to be paid to such facilities qualifying for such minimum unit rate shall be \$0.06 per kilowatthour, trued up each month.
- F. The Transmission rate also applies to energy received by the Company at primary distribution voltage at locations where such energy cannot be used without transformation to transmission voltage. Any determination by the Company that power cannot be used at a lower voltage may be reviewed by the Commission at the Customer's request.

SC-10 Agreement

This SC-10 Agreement (this "Agreement") dated as of [____], 2007 (the "Effective Date"), is entered into between Central Hudson Gas & Electric Corporation ("Seller") and Lower Saranac Corporation ("Purchaser").

WHEREAS, Seller and Purchaser have entered into that certain Asset Purchase Agreement, dated as of January 24, 2007 (the "Purchase Agreement"), pursuant to which Seller agreed to sell to Purchaser, and Purchaser agreed to purchase from Seller, the Purchased Assets (as such term is defined in the Purchase Agreement);

WHEREAS, capitalized terms used herein without definition shall have the meaning set forth in the Purchase Agreement;

WHEREAS, pursuant to Sections 8.07 and 9.06 of the Purchase Agreement, if Purchaser has not have received approval of the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser, then Purchaser and Seller have agreed to enter into this Agreement, until such time as Purchaser receives such approval of the NYISO;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Seller and Purchaser agree as follows:

1. Sale of Power. Purchaser hereby agrees to sell to Seller, and Seller hereby agrees to purchase from Purchaser, all power generated by Purchaser at the Facility, pursuant to the terms and conditions set forth in, and at the rates specified in Service Classification No. 10, attached hereto as Exhibit A ("SC-10"); provided, however, that notwithstanding anything to the contrary set forth in SC-10, Seller shall not charge Purchaser for any of the amounts set forth in Special Provision A of SC-10.

2. Term. This Agreement shall be effective from the Effective Date until such time as Purchaser shall initiate Market-based sales pursuant to approval received from the NYISO to participate in Market-based sales to the system by grouping sales from the Facility with other facilities currently owned by Purchaser and its affiliates, and the Purchaser and Seller shall have entered into the Interconnection Agreement, substantially in the form attached as Exhibit B to the Purchase Agreement. Seller and Purchaser hereby agree to execute and deliver such an Interconnection Agreement within three (3) business days after such approval is received.

3. Consents and Approvals. The Seller's obligation under this Agreement shall be contingent upon Purchaser obtaining all consents, approvals or authorizations of the Governmental Authorities required to allow sale of the power generated by the Facility to Seller.

4. Governing Law. The validity, interpretation and effect of this Agreement shall be governed exclusively by the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law.

5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

6. Notices. All notices, requests, demand and other communications under this Agreement shall be in writing and delivered in person, or sent by facsimile or sent by certified mail, postage prepaid, and

Exhibit C to Asset Purchase Agreement

properly addressed to the appropriate party at the addresses set forth in Section 14.12 of the Purchase Agreement.

7. No Third Party Beneficiaries. This Agreement is solely for the benefit of Seller and its successors and permitted assigns with respect to the obligations of Purchaser under this Agreement, and for the benefit of Purchaser and its successors and permitted assigns with respect to the obligations of Seller under this Agreement. This Agreement shall not be deemed to confer upon or give to any other third party any remedy, claim, liability, reimbursement, cause of action or other right.

8. Jurisdiction and Consent to Service. Each of Seller and Purchaser (i) agree that any suit, action or proceeding arising out of or relating to this Agreement shall be brought solely in the state or federal courts of the State of New York; (ii) consents to the exclusive jurisdiction of each such court in any suit, action or proceeding relating to or arising out of this Agreement; (iii) waives any objection that it may have to the laying of venue in any such suit, action or proceeding in any such court; and (iv) agrees that service of any court paper may be made in such manner as may be provided under applicable laws or court rules governing service of process.

9. WAIVER OF A JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the parties hereto have executed this SC-10 Agreement the day and year first above written.

**CENTRAL HUDSON GAS & ELECTRIC
CORPORATION**

By: _____
Title: _____

LOWER SARANAC CORPORATION

By: _____
Title: _____

Exhibit C to Asset Purchase Agreement

Exhibit A
Service Classification No. 10

[Attached]

EXHIBIT B

Exhibit B

Information from Central Hudson Gas & Electric Corporation

Books and Records in Response to 16 NYCRR § 31.1 f-1

(six pages)

CPR Ledger Utility Account/ Asset Location / Vintage Summary Report

Central Hudson

Company	Business Segment			
GL Account				
Utility Account	Sub Account			
Asset Location		Eng In Service Year		Accum Cost
Central Hudson	1 - Electric			
101.10 Electric Plant In Service				
133100 HYDRO PROD-STRUCTURES & IMPI	Out Street			
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE CITY OF BEACON - 3.0 MILE				
		2002		\$9,044.00
		2004		\$3,225.00
		Asset Location Total:		\$12,269.00
		Utility/Sub Account Total:		\$12,269.00
133200 HYDRO PROD-RESERVOIRS DAMS	Out Street			
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE CITY OF BEACON - 3.0 MILE				
		2003		\$5,613.00
		2004		\$9,542.00
		Asset Location Total:		\$15,155.00
		Utility/Sub Account Total:		\$15,155.00
133410 HYDRO PROD-ACCESSORY ELECT	Out Street			
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE CITY OF BEACON - 3.0 MILE				
		1981		\$20,021.00
		2004		\$28,756.00
		2005		\$18,111.00
		Asset Location Total:		\$66,888.00
		Utility/Sub Account Total:		\$66,888.00
		GL Account Total:		\$94,312.00
		Company/Business Segment Total:		\$94,312.00
		Grand Total for Selected Assets:		\$94,312.00

CPR Ledger Detailed Asset Report
Central Hudson

Company	GL Account	Business Segment				
Asset Location	Utility Account	Sub Account				
Property Group						
Asset Description	Retirement Unit	Unit	WO Number	Eng In Service Year	Quantity	Accum Cost
Central Hudson	101.10 Electric Plant in Service		1 - Electric			
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE C	133100 HYDRO PROD-STRUCTURES & IMPI		Out Street			
010-STRUCTURES-BUILDINGS						
EOLLED ROOFING IMSTALLED OVER EXISTING ROOF OF PENSTOCKBLDG.	010-090-001 ROOF	EA	8128A-C	Mar-2004	1.00	\$3,225.00
					Property Group Total:	\$3,225.00
031-YARD FACILITIES-FENCE/ENCLOSURE						
FENCING-DAM AREA-50' OF 6'CHAIN LINK FENCE	030-010-001 FENCE (SECTION 20 EA		5876A-C	Aug-2002	1.00	\$1,195.00
FENCING-INTAKE AREA-160' OF 8'CHAIN LINK FENCE PLUS 1 GATE	030-010-001 FENCE (SECTION 20 EA		5876A-C	Aug-2002	1.00	\$6,142.00
FENCING-ROADSIDE AREA-25' OF 8'CHAIN KINK FENCE PLUS 2 GATES	030-010-001 FENCE (SECTION 20 EA		5876A-C	Aug-2002	1.00	\$1,707.00
					Property Group Total:	\$9,044.00
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE C	133200 HYDRO PROD-RESERVOIRS DAMS		Out Street			
011-STRUCTURES-EQUIPMENT						
SAFETY RAILING-LOCATED OVER TRASH RACKS AREA	010-140-001	EA	8662A-C	Nov-2004	1.00	\$9,542.00
					Property Group Total:	\$9,542.00
530-RECREATIONAL EQUIPMENT						
WARNING BUOYS INSTALLED UPSTREAM OF DAM PER FERC LICENCE 3-NO SWIMMING 3-NO BOATING	530-040-001	EA	6162A-C	Feb-2003	6.00	\$5,613.00
					Property Group Total:	\$5,613.00
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE C	133410 HYDRO PROD-ACCESSORY ELECT		Out Street			
168-ELECTRIC EQUIP-RECLOSERS						
WEST 560A S/N 80K123ESM W/RLAY CABINET INCLUDING 1-RC AND 4-CO11 RELAYS	165-050-001 RECLOSER/KYLE	EA	5888A-C	Jan-1981	1.00	\$20,021.00
					Property Group Total:	\$20,021.00
403-EDP TELECOMMUNICATIONS EQUIP.						
COMMUNICATIONS NETWORK INTERFACE INCL. GATEWAY 3-6100-C PC, MONITOR, ROUTER	403-030-000 EDP NETWORK	EA	8158A-C	Sep-2005	1.00	\$18,111.00
					Property Group Total:	\$18,111.00

CPR Ledger Detailed Asset Report
Central Hudson

Company	GL Account	Business Segment				
Asset Location	Utility Account	Sub Account				
Property Group						
Asset Description	Retirement Unit	Unit	WO Number	Eng In Service Year	Quantity	Accum Cost
Central Hudson	101.10 Electric Plant in Service		1 - Electric			
00140-022-000 CITY OF BEACON - ON FISHKILL CREEK IN THE C	133410 HYDRO PROD-ACCESSORY ELECT		Out Street			
510-SAFETY EQUIPMENT						
WARNING ALARM SYSTEM PER FERCREQUIREMENTS INCL. VORTXSPEAKER W/3 CELLS ACTIVE.AUX. CONTACT BOARD, BATTERYSET; S/N 01-1483666-03	510-100-000 WARNING ALARM	EA	6161A-C	Nov-2004	1.00	\$28,756.00
Property Group Total:						\$28,756.00
Grand Total for Selected Assets:						\$94,312.00

CPR Ledger Account Summary Report

Central Hudson

Company	Business Segment	
Utility Account	Sub Account	Cost
Central Hudson	1 - Electric	
133100 HYDRO PROD-STRUCTURES & IMPR	Out Street	\$12,269.00
133200 HYDRO PROD-RESERVOIRS DAMS &	Out Street	\$15,155.00
133410 HYDRO PROD-ACCESSORY ELECTRI	Out Street	\$66,888.00
Company/Bus Segment/GL Account Total		\$94,312.00
Grand Total		\$94,312.00

Central Hudson
Central Hudson

Business Segment Major Location	Accum Cost	Allocated Reserve	Net Value
1 - Electric			
00140 GROVEVILLE MILLS HYDROELECTRI	\$94,312.00	\$15,870.80	\$78,441.20
Business Segment Total:	\$94,312.00	\$15,870.80	\$78,441.20
Company Total:	\$94,312.00	\$15,870.80	\$78,441.20
Grand Total for Selected Assets:	\$94,312.00	\$15,870.80	\$78,441.20

Central Hudson
Central HudsonBusiness Segment
Major Location

	Vintage	Accum Cost	Allocated Reserve	Net Value
1 - Electric				
00140 GROVEVILLE MILLS HYDROELECTRI				
	1981	\$20,021.00	\$11,597.69	\$8,423.31
	2002	\$9,044.00	\$959.88	\$8,084.12
	2003	\$5,613.00	\$408.70	\$5,204.30
	2004	\$41,523.00	\$2,300.10	\$39,222.90
	2005	\$18,111.00	\$604.44	\$17,506.56
Major Location Total:		\$94,312.00	\$15,870.80	\$78,441.20
Business Segment Total:		\$94,312.00	\$15,870.80	\$78,441.20
Company Total:		\$94,312.00	\$15,870.80	\$78,441.20
Grand Total for Selected Assets:		\$94,312.00	\$15,870.80	\$78,441.20

EXHIBIT C

Exhibit C

ENEL NA Generation in New York¹

New York	Copenhagen	3.3
	Denley Dam	1.5
	Dexter	4.3
	Diamond Island	1.2
	Fenner Windpower	30.0
	Fowler #7	0.9
	Goodyear Lake	1.3
	Hailesboro #3	0.9
	Hailesboro #4	1.8
	Hailesboro #6	0.9
	High Falls	1.8
	LaChute Lower	3.6
	LaChute Upper	4.9
	Lower Saranac	9.3
	Port Leyden	2.0
	Pyrites	8.2
	Rock Island	1.9
	Theresa	1.3
	Victory Mill	1.7
	Walden	2.8
	Wethersfield Windpower	6.6

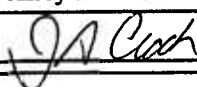
¹ Source: <http://www.enel.it/northamerica/neUS.asp>
as of January 11, 2007

EXHIBIT 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 Central Hudson Gas & Electric Corp.	2. PROJECT NAME Conveyance of the Groveville Mills Hydroelectric Facility
3. PROJECT LOCATION: Municipality <u>Beacon</u> County <u>Dutchess</u>	
4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map) 10 Front Street Beacon, NY	
5. PROPOSED ACTION IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification/alteration	
6. DESCRIBE PROJECT BRIEFLY: Ownership of the Groveville Mills Hydroelectric Facility is to be transferred. No change in physical conditions is proposed.	
7. AMOUNT OF LAND AFFECTED: Initially <u>~2</u> acres Ultimately <u>~2</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:	
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: Federal Energy Regulatory Commission - transfer of license NYS DEC - transfer of water quality certificate	
11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: FERC License - Project P-3551-NY DEC Water Quality Certificate	
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>Jeffrey A. Clock</u> Date: <u>1/24/07</u> Signature: <u></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? If yes, coordinate the review process and use the FULL EAF. <input type="checkbox"/> Yes <input type="checkbox"/> No	
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: No - sale of existing facility for 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)

EXHIBIT E

Draft State Administrative Procedure Act Notice

PROPOSED RULE MAKING

NO HEARING(S) SCHEDULED

Transfer of Ownership Interest by Central Hudson Gas & Electric Corporation

I.D. No. PSC _____

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act (SAPA), NOTICE is hereby given of the following proposed rule:

Proposed action: The Public Service Commission is considering a petition from Central Hudson Gas & Electric Corporation ("Central Hudson") and [Enel North America, Inc., One Tech Drive, Andover, Massachusetts] [Buyer] requesting approval of the transfer of Central Hudson's ownership interest in the 900 kW Groverville Mills Hydroelectric Generating Facility to [Buyer].

Statutory authority: Public Service Law, Section 70.

Subject: Transfer of ownership interest in electric facilities.

Purpose: To approve transfer.

Substance of proposed rule: The Public Service Commission is considering a petition from Central Hudson Gas & Electric Corporation requesting approval of the transfer of its ownership interest in the 900 kW Groverville Mills Hydroelectric Generating Facility to [Buyer]. The Commission may adopt, modify or reject, in whole or in part, the relief requested.

Text of proposed rule and any required statements and analyses may be obtained: By filing a Document Request Form (F-96) located on our website <http://www.dps.state.ny.us/f96dir.htm>. For questions contact: Central Operations, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223-1350, (518) 474-2500.

Data, views or arguments may be submitted to: Jaclyn A. Brilling, Secretary, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223-1350, (518) 474-6530.

Public comment will be received until: xx days after publication of this notice.

Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement:
Statements and analyses are not submitted with this notice because the proposed rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act.