

NEW YORK STATE RELIABILITY COUNCIL
REIMBURSEMENT AGREEMENT

NEW YORK STATE RELIABILITY COUNCIL REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT is entered into by and among the Members of the New York State Reliability Council, LLC, a Delaware limited liability company (the "NYSRC") and the Represented Entities identified on the signature page of this Agreement (the "Represented Entities") as of this ___ day of November, 1999.

ARTICLE 1: DEFINITIONS

1.01 The definitions set forth in the Operating Agreement of the NYSRC and in the ISO Agreement, as filed with the Federal Energy Regulatory Commission on July 2, 1999, are applicable to this Reimbursement Agreement unless the term is specifically defined in this Agreement or a definition set forth in the Operating Agreement or the ISO Agreement is inconsistent with the express terms of this Agreement.

1.02 The following terms used in this Agreement shall have the following respective meanings:

"Cooperative" shall mean a cooperatively owned electric system that owns or controls distribution facilities and provides electric service in accordance with the Rural Electric Cooperation Law, and is located within the NYCA.

"Executive Committee" shall mean the Board of Managers of the NYSRC, selected as provided for in Article 4 of the Operating Agreement.

"Executive Committee Manager" or "Manager" shall mean a Person who is named a manager of the NYSRC as provided in Article 4 of the Operating Agreement.

"FERC" shall mean the Federal Energy Regulatory Commission, or any successor agency.

"ISO" shall mean the New York Independent System Operator, Inc., a New York not-for-profit corporation established pursuant to the ISO Agreement.

"Large Consumer" shall mean an Industrial Consumer or a Commercial Consumer whose peak Load in any month within the previous twelve months was two megawatts or more.

"Member" shall mean a Person who has been admitted to the NYSRC as a member in accordance with the terms of the Operating Agreement.

"Municipal Electric System" shall mean a municipally owned electric system that owns or controls distribution facilities and provides electric service in accordance with the New York State General Municipal Law or Village Law, and is located within the New York Control Area. For the purposes of NYSRC governance, the Green Island Power Authority shall be considered a Municipal Electric System.

"NYSRC" shall mean the New York State Reliability Council, LLC, a Delaware limited liability company established pursuant to the NYSRC Agreement.

"NYSRC Agreement" shall mean the New York State Reliability Council Agreement by and among the Members of the New York Power Pool to establish the New York State Reliability Council.

"Operating Agreement" shall mean the Operating Agreement of the NYSRC as from time to time amended.

"Person" shall mean any natural person, trust, corporation, partnership, limited partnership, limited liability company, unincorporated association or other entity.

"Representative Manager" shall mean a Manager who represents the interests of either (1) Wholesale Sellers (2) Large Consumers, or (3) Municipal Electric Systems and Cooperatives as provided for in the Operating Agreement.

"Represented Entity" shall mean a Person who is authorized to select a Representative Manager or is authorized to participate in the selection of a Representative Manager, and who signs the Reimbursement Agreement.

"Signatory" shall mean a party who signs this Agreement.

"Wholesale Seller" shall mean a Person engaged in the NYCA principally in the business of selling electricity in the wholesale market.

ARTICLE 2: REPRESENTED ENTITIES

2.1 Each Represented Entity hereby represents and warrants that it is authorized to select or to participate in the selection of a Representative Manager pursuant to the terms of Section 4.01 of the NYSRC Agreement and Section 3.01 of the Operating Agreement.

2.2 The rights and responsibilities of a Signatory shall not be transferrable, except that a Represented Entity may be substituted for another Represented Entity as a Signatory to this Reimbursement Agreement, subject to approval by the Executive Committee.

2.3 Any Represented Entity may withdraw from this Reimbursement Agreement upon ninety (90) days written notice to the Members and the Executive Committee; provided, however, that any Represented Entity submitting notice of intent to withdraw shall continue to be obligated to pay its proportionate share of the dues allocated by the Executive Committee as provided in Article 3 hereof prior to the date of its withdrawal notice and any dues subsequently allocated by the Executive Committee only to the extent necessary to cover the costs of a budget or revised budget approved by the Executive Committee prior to the date of its notice of withdrawal. The withdrawing Represented Entity shall not be required to make such payment in the event that another Represented Entity, who meets the financial criteria established by the Executive Committee pursuant to Section 3.04 of this Agreement, becomes a Signatory and expressly assumes the obligations of the withdrawing Representative Entity.

ARTICLE 3: REIMBURSEMENT

3.1 The Executive Committee shall determine the NYSRC's annual budget as set forth in the Operating Agreement and shall allocate dues payable by the Members on a per capita basis.

Each Represented Entity agrees to pay its proportionate share of the dues allocated by the Executive Committee. The proportionate share of dues payable by a Represented Entity under this Reimbursement Agreement shall be equal to the total amount of the dues allocated by the Executive Committee divided by the total number of Executive Committee Managers, excluding the Unaffiliated Managers.

3.02 Each Represented Entity agrees to pay the proportionate share of dues for which it is responsible in the amounts and on the dates specified by the Executive Committee.

3.03 In the event that any Member shall be required to pay an amount of monies as the result of the failure of a Represented Entity to pay the dues for which it is responsible under Section 3.01 hereof, such Member shall, immediately upon demand, be entitled to reimbursement from such Represented Entity for the full amount of any and all monies paid by such Member plus an annual interest rate of 2% in excess of the rate announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate.

3.04 Each Represented Entity shall satisfy criteria established by the Executive Committee to provide reasonable assurance that the Represented Entity has the financial ability to meet all of its obligations under this Reimbursement Agreement.

ARTICLE 4: HEADINGS

4.1 The section headings herein are for convenience and reference only, and in no way define or limit the scope of this Reimbursement Agreement or in any way affect its provisions. Whenever the terms hereto, hereunder, herein or hereof are used in this Reimbursement Agreement, they shall be construed as referring to this entire Reimbursement Agreement, rather than to any individual section, subsection or sentence.

ARTICLE 5: EFFECTIVE DATE AND TERMINATION

5.01 This Agreement shall be effective as of the date hereof and shall continue in existence until dissolved pursuant to the unanimous written consent of the parties hereto.

ARTICLE 6: NOT MEMBERS

6.1 Nothing contained in this Reimbursement Agreement shall be construed to make the Signatories Members, partners or joint venturers or to render any Signatory liable for the debts or obligations of any other Signatory.

ARTICLE 7: WAIVER

7.1 Any waiver at any time of the rights of any party as to any default on the part of any other party or parties to this Reimbursement Agreement or as to any other matter arising hereunder shall not be deemed a waiver as to any default or other matter subsequently occurring.

ARTICLE 8: CLAIMS BY EMPLOYEES AND INSURANCE

8.1 Each Signatory shall be solely responsible for and shall bear all of the costs of claims by its own employees, contractors, or agents arising under, and covered by, any workers' compensation law. Each of the Signatories shall furnish, at its sole expense, such insurance coverage and such evidence thereof, or evidence of self-insurance, as is reasonably necessary to meet its obligations under this Reimbursement Agreement.

ARTICLE 9: EXECUTION IN COUNTERPARTS

9.1 This Reimbursement Agreement may be executed in one or more counterparts with the effect as if the parties executing the several counterparts had all executed one counterpart,

but in such event each such counterpart shall constitute an original and all of such counterparts shall constitute one and the same agreement.

ARTICLE 10: SUCCESSORS IN INTEREST

10.1 Each and all of the covenants, agreements, terms, and provisions of this Reimbursement Agreement shall be binding upon and inure to the benefit of each of the parties and, to the extent permitted by this Reimbursement Agreement, their respective successors and assigns.

ARTICLE 11: SEVERABILITY

11.1 Any provision of this Reimbursement Agreement which is invalid, illegal, or unenforceable in any respect in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability without in any way affecting the validity, legality, or enforceability of the remaining provisions hereof, and any such invalidity, illegality, or unenforceability in any jurisdiction shall not invalidate or in any way affect the validity, legality, or enforceability of such provisions in any other jurisdiction.

ARTICLE 12: GOVERNING LAW

12.1 This Reimbursement Agreement shall be governed and construed by the laws of the State of New York.

ARTICLE 13: PRONOUNS

13.1 Any pronoun and any variation thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the context may require.

IN WITNESS WHEREOF, each of the parties hereto has caused this Reimbursement Agreement to be executed in its corporate name by its proper officers as of the date first written above.

NYSRC MEMBERS

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

By: _____
Ronald P. Brand

Title: Senior Vice President of Engineering, Environmental
Affairs and Special Projects

Date: _____

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____
Louis L. Rana

Title: Vice President, System and Transmission Operations

Date: _____

LIPA

By: _____
Richard J. Bolbrock

Title: Vice President, Power Markets

Date: _____

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
H. Kenneth Haase

Title: Senior Vice President, Transmission

Date: _____

NEW YORK STATE ELECTRIC & GAS CORPORATION

By: _____
Dennis R. Urgento

Title: Vice President, Customer Engineering and Deliver

Date: _____

NIAGARA MOHAWK POWER CORPORATION

By: _____
Clement E. Nadeau

Title: Vice President, Electric Delivery

Date: _____

ROCHESTER GAS AND ELECTRIC CORPORATION

By: _____
Michael B. Whitcraft

Title: Vice President, Energy Delivery

Date: _____

REPRESENTED ENTITIES

MULTIPLE INTERVENORS

By: _____
Algrid F. White, Jr.

Title: General Counsel

Date: _____

NEW YORK MUNICIPAL POWER AGENCY

By: _____
Robert A. Mullane

Title: General Manager

Date: _____

INDEPENDENT POWER PRODUCERS OF NY, INC.

By: _____
Carol E. Murphy

Title: Executive Director

Date: _____