

ATTACHMENT 3

123 Main Street
White Plains, New York 10601
914 681.6200



EXPRESS MAIL

February 8, 2008

Kenneth R. Hamm, Esq.
New York State Department of
Environmental Conservation
Office of General Counsel, 14th floor
625 Broadway
Albany, New York 12233-1500

Subject: National Grid/NYSDEC/NYPA Agreement

Dear Ken,

I have enclosed a fully-executed duplicate original NationalGrid/NYSDEC/NYPA Agreement for your records.

Thank you for your help.

Very truly yours,

A handwritten signature in cursive script that reads "Mark K. Malone".

Mark K. Malone

Enclosure

New York State Department of Environmental Conservation

Office of General Counsel, 14th Floor

625 Broadway, Albany, New York 12233-1500

FAX: (518) 402-9018 or (518) 402-9019

Website: www.dec.ny.gov



Alexander B. Grannis
Commissioner

February 5, 2008

New York Power Authority
Law Department
123 Main Street
White Plains, New York 10601-3170

Attn: Mark Malone, Esq.

Dear Mark:

Enclosed please find a copy of the Agreement between Niagara Mohawk, DBA National Grid, the New York Power Authority, and the New York State Department of Environmental Conservation ("DEC"), including four copies of the DEC signature page, each of which is executed by DEC Executive Deputy Commissioner Stuart F. Gruskin.

Once the copies have been signed by National Grid and NYPA, kindly return one fully signed copy to me for our records.

Sincerely,

A handwritten signature in black ink that reads "Kenneth R. Hamm".

Kenneth R. Hamm
Associate Counsel

Enclosure

**AGREEMENT BETWEEN NIAGARA MOHAWK, DBA
NATIONAL GRID,
THE NEW YORK POWER AUTHORITY, AND THE
NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

RECITATION CLAUSES:

1. Niagara Mohawk, dba National Grid ("National Grid") and the New York Power Authority ("the Power Authority") are proposing to construct a transmission line from Stark to Sevey Corners along State Highway 56.
2. The construction along Route 56 would require the use of approximately six acres of Forest Preserve land under the jurisdiction of the New York State Department of Environmental Conservation ("DEC"). The operation and maintenance of the line will also require the cutting of hazard trees outside of these six acres. For the purposes of this agreement, a hazard tree is defined as "any tree posing a threat to the transmission line because it is dead, diseased, leaning or subject to any other environmentally unstable condition."
3. Due to the constraints on the use of Forest Preserve land imposed by Article XIV, Section 1 of the New York State Constitution, a constitutional amendment is being pursued for the construction of the transmission line across Forest Preserve lands.
4. The constitutional amendment process is lengthy, requiring first passage of a concurrent resolution in the legislature authorizing the measure to be put on the ballot, second passage of the same resolution by a newly elected legislature after an intervening election, and then approval by the voters of the State at a general election.
5. First passage of a concurrent resolution authorizing the power line to cross Forest Preserve lands occurred in 2006. Second passage was planned for 2007 and it was expected that the measure would be approved by the voters at the 2007 General Election. However, the concurrent resolution had technical flaws which were not discovered until 2007. First passage of a concurrent resolution which corrected these flaws occurred in 2007, soon after the flaws were discovered. Second passage of the resolution is expected in 2009, after the 2008 intervening legislative election, and is expected to be on ballot and approved by the voters in 2009.
6. On March 9, 2006, the Power Authority received approval from the Adirondack Park Agency ("APA") to construct the transmission line on a route which in the northern segment generally stays within the Route 56 corridor but avoids Forest Preserve land by traversing private property. Routing the transmission line through private property requires the line to be longer with more vegetation clearing, to cross more wetlands and streams, and to be less accessible for construction and operation than routing the transmission line so that it crosses Forest Preserve lands.

7. National Grid's and the Power Authority's preferred route is to keep the transmission line within the Route 56 road corridor to the maximum extent feasible, but National Grid and the Power Authority retain the option to build the bypass around State Forest Preserve lands in the event the Route 56 alternative crossing Forest Preserve lands cannot be completed in a timely manner.

8. Construction of the power line cannot wait until 2009 because the power line is urgently needed to reinforce both the 115 kV and 46kV delivery systems for the Lake Placid-Tupper Lake-Saranac Lake area. The existing electric transmission lines and associated facilities in the current configuration have reached their limit to reliably serve the load in the region, while the total load of the Tupper Lake and Lake Placid municipal electric systems continues to grow. Peak demand for electricity on the transmission and subtransmission systems in the Tri-Lakes Region occurs in the winter months, during severely cold weather, when outages can cause the loss of heat, light and water in residences, schools and businesses. These events can create significant concerns for public health and safety.

9. Construction on the segment of the line coming from the north was initiated on September 10, 2007 and construction on the segment of the line coming from the south was started in January 2008. Construction on the middle section of the line, including that portion of the line which would cross Forest Preserve land, is scheduled to commence on April 1, 2008. National Grid plans to have the transmission line completely constructed by October, 2008.

10. In consideration of the above, it is desirable that National Grid construct the transmission line so that it generally stays within the Route 56 Corridor and traverses Forest Preserve lands.

11. Under the Environmental Conservation Law and applicable regulations, the DEC has discretion to enforce compliance with the laws, regulations, rules and policies affecting the care and well-being of the Forest Preserve. Because of the public health and safety needs of the residents and visitors to the Adirondack Park, and because the route traversing Forest Preserve lands requires less vegetative clearing and fewer crossings of wetlands and streams, the DEC is exercising its discretion in authorizing this Project.

12. The DEC has determined that the construction of the proposed transmission line and this Agreement are in the best interests of the public. National Grid and the Power Authority are relying on this determination in constructing the proposed transmission line.

TERMS:

1. DEC agrees to forbear enforcement against National Grid and the Power Authority if they proceed to construct, maintain, repair, and replace the line along Route 56 utilizing approximately six acres of Forest Preserve land under DEC jurisdiction so long as

National Grid and the Power Authority are pursuing a constitutional amendment authorizing the power line to be on Forest Preserve lands along State Route 56 and construction of the line stays within the following parameters:

A. The construction area has been surveyed, the boundaries of the construction area have been clearly marked, and a copy of the survey map has been provided to DEC's Regional Land Manager.

B. National Grid and the Power Authority provides DEC with tallies, by diameter at breast height and species of all trees greater than 3 inches in diameter at breast height that will be cut for construction of the line within the 6 acres described in Recitation Clause 2 above.

C. National Grid and the Power Authority provides DEC with tallies, by diameter at breast height and species, of all hazard trees as described in Recitation Clause 2 above, which National Grid and the Power Authority propose to cut outside the 6 acres described in Recitation Clause 2 above and DEC specifically approves such cutting in advance of the cutting.

D. National Grid will notify the DEC Regional Land Manager not less than five days nor more than 10 days prior to commencing construction on this segment. After this notice has been given and prior to the commencement of construction activity the Regional Land Manager or his designee will meet with National Grid at the construction site to discuss the pending construction activity.

E. Consistent with applicable statutes and regulations as well as the regulatory approvals granted by APA and DEC, National Grid and the Power Authority may, within the six acres described in Recitation Clause 2,

(i) Travel on foot or use motor vehicles; and

(ii) Construct access roads.

F. National Grid and the Power Authority agree to indemnify and save harmless the DEC and the State of New York from and against all losses from claims, demands, payments, suits, actions, recoveries and judgements of every nature and description brought or recovered against it by reason of the use by National Grid and the Power Authority of the State lands which are the subject of this Agreement, except those losses, demands, suits, and other actions proximately caused by the DEC.

G. All work crews, including any work crews hired as contractors or subcontractors, will be provided with a copy of this Agreement and will be instructed on its provisions by National Grid. One week prior to the commencement of construction work all work crews will meet with the Regional

Land Manager or his designee to discuss the work to be done and the location in which the crews will work.

H. National Grid will have an Environmental Inspector on site during any tree cutting and vegetative management work and such Inspector will provide daily reports on construction activity to the DEC Regional Land Manager (see attached New Line Construction Environmental Inspection Report). The Regional Land Manager shall also periodically inspect the work site following procedures established by National Grid to ensure compliance with the terms of this Agreement.

I. The construction will be conducted and the construction site restored consistent with the approved Environmental Work Plan.

J. Stumps of cut trees will be confined to a height of 6" or less. All woody growth less than 3" dbh shall have level stumps not to exceed 3" above the ground.

K. Cut material will be chipped or dispersed on site. Slash must be disposed of within 5 days of being cut and not accumulated for more than 5 days.

L. Any felled or pruned tree from Forest Preserve land will be chipped and returned to State lands to the extent practical.

M. Herbicides for vegetative management will not be used on Forest Preserve land.

N. No more than two weeks after completion of the construction of this segment, National Grid will meet with the Regional Land Manager to ensure there has been compliance with the conditions of this Agreement.

2. National Grid and the Power Authority agree that the construction of the line will be consistent with the terms and conditions set forth above.

3. DEC supports the Power Authority's and National Grid's proposal for a constitutional amendment to allow the power line to be constructed across Forest Preserve land provided construction of the line stays within the parameters set forth in this Agreement.

4. DEC agrees to defend in court the legality of this Agreement and all of its individual terms and conditions authorizing National Grid and the Power Authority to build, operate, maintain, repair and replace the line provided:

A. National Grid and the Power Authority comply with the terms set forth above; and

B. National Grid and the Power Authority exercise continuing good faith efforts in attempting to secure the attached constitutional amendment.

IN WITNESS WHEREOF, the New York Power Authority, Niagara Mohawk, d/b/a National Grid, and New York State Department of Environmental Conservation have executed this Agreement in quadruplicate, two parts that remain with the Power Authority and the others to be delivered to NYS Department of Environmental Conservation and National Grid, effective as of the date first signed below.

AGREED AND ACCEPTED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By TL O Kelly
(Name-signed)

By Thomas J. Kelly
(Name Typed/Printed)

Title Executive Vice President,
General Counsel & Chief of Staff

Date FEB. 6, 2008

NATIONAL GRID

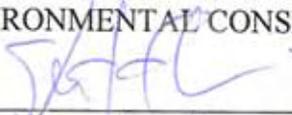
By Susan M. Crossett
(Name-Signed)

By Susan M. Crossett
(Name Typed/Printed)

Title Vice President Energy Solutions Services

Date Feb. 7, 2008

NEW YORK STATE DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

By 

(Name-Signed)

By Stuart F. Gruskin
(Name Typed/Printed)

Title Executive Deputy Commissioner

Date February 2, 2008

**NEW LINE CONSTRUCTION
ENVIRONMENTAL INSPECTION REPORT**

SHEET 1 OF ____

INSPECTOR: _____ DATE: _____ PERMIT: _____

REGIONAL REP.: _____ PROJECT: _____

REASON FOR TRIP (instructions): _____

COMPLIANCE ARTICLES (permits & license conditions of concern): _____

REFERENCE DWGS & NOTES: _____

EQUIPMENT ON SITE: _____

MEASUREMENTS:

Volume Excavated & Dimensions: _____

Volume Filled & Dimensions: _____

Slope/Grade _____ % or ft/ft Bottom Substrate: _____

Streamflow Estimate (cfs): _____

Stream Bank Condition: _____

SIGNAGE OK?: Y N DANGER?: Y N POSTED?: Y N EPA ID?: Y N N/A
Wetland Delineation: Flag – Fencing – Other Evident? PERMIT(S) POSTED? Y N

SAFETY OBSERVATIONS (OSHA, overhead, underfoot, encroachments, trespass, dumping, water, public, ADA, hazmat): _____

NEW LINE CONSTRUCTION ENVIRONMENTAL INSPECTION REPORT

SHEET 2 OF ____

LAND USE & WETLAND PROTECTION (vegetation condition, erosion & sediment protection measures, land disturbances, etc.):

Controls installed before work started?	Y	N	SWPPP Applicable?	Y	N
Strawbales? Y N			Copy On-Site?	Y	N
Silt fence? Y N			Turbidity?	Y	N
In stream silt curtain? Y N	N/A		Temporary Seeding? Y N		
Stone walls removed? Y N	N/A		Where? STA	_____	
Gates & fences reestablished? Y N	N/A		STA	_____	
Mats deployed and used? Y N	N/A		STA	_____	
Excursions? Y N					
Significant rutting or unauthorized contour changes?	Y	N	N/A		
Permanent/temporary road maintenance/upgraded:	Y	N	N/A		
Ford or culverts installed properly? Y N	N/A		Describe:	_____	

DAILY PROGRESS:

Cleared _____ acres
 Disposal _____ acres
 Access Road _____ L.F.
 Other _____

RECOMMENDATIONS GIVEN OR CONTACTS:

PHOTOS TAKEN (list filename & describe of What? Where? Why?):

OTHER: (Use additional pages)
