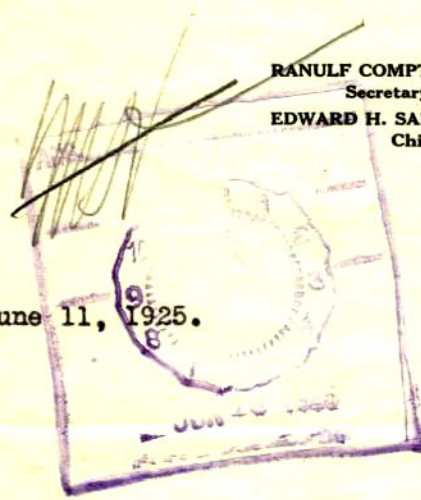


BOARD OF HUDSON RIVER REGULATING DISTRICT
44 HOWARD STREET
ALBANY, N. Y.
TELEPHONE MAIN 4260

HENRY M. SAGE, PRESIDENT
EDGAR H. BETTS
ERSKINE C. ROGERS

RANULF COMPTON
Secretary-Treasurer
EDWARD H. SARGENT
Chief Engineer

June 11, 1925.



Finch, Pruyn & Co., Inc.,
Glens Falls, N. Y.

Gentlemen:

The Adirondack Power and Light Corporation now owns the Conklingville Dam site which is essential for the construction of the Sacandaga Reservoir. Included in this dam site are the 15 feet of head, assessment of which against that Company has been included in the Apportionment of Cost of the Sacandaga Reservoir, as finally adopted.

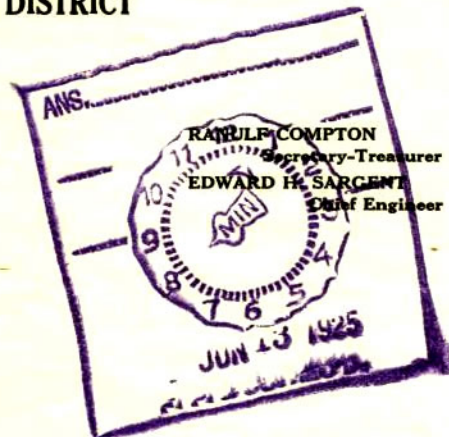
The Board has entered into negotiations with Adirondack Power and Light Corporation regarding a contract whereby the Board would purchase the dam site, reserving to that Company the use of the 15 feet of head which it now owns. Tentative agreement with the officials of that Company has been reached on the following basis, subject to the approval of the Board of Directors of that Company and by the Board of Hudson Regulating District.

1. The payment by the District to Adirondack Power and Light Corporation of \$50,000 for all the dam site property necessary for the construction of the Sacandaga Reservoir basin owned by Adirondack Power and Light Corporation and necessary for flowage.
2. A guaranteed minimum annual payment by Adirondack Power and Light Corporation to the District of \$30,000 a year, in addition to the regular yearly assessment on the 15 feet owned by them.
3. The payment by Adirondack Power and Light Corporation to the District of an annual capacity charge which will net the District from \$50,000 to \$125,000 a year depending on the method of release of water from the reservoir.
4. The contract to be for a 50-year period with the right of either party to ask for readjustment of rates either by agreement or arbitration at the end of 10-year intervals.

*head river from
1924*

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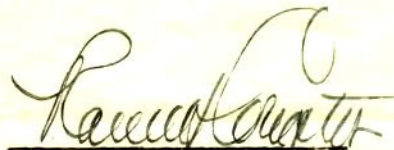
5. There will be, of course, a provision in the contract that nothing in it shall be construed in any way as limiting the rights of the District to release water at whatsoever rate and at whatsoever time the District desires, or in any manner to interfere with the purpose for which the dam is built.

6. Charges for power to begin to accumulate as soon as the District is ready to release stored water from the reservoir.

The payments to the District will be used to reduce the annual assessment of all the beneficiaries.

The Board has thought it advisable, before executing any contract, to explain it to the beneficiaries and accordingly will hold an informal conference in this matter at the office of the Board on Wednesday, June 17th, 1925, at 11 o'clock, at which conference you are invited to be present.

Very truly yours,


SECRETARY.