

ASSIGNMENT OF MEMORANDUM OF UNDERSTANDING

THIS ASSIGNMENT OF MEMORANDUM OF UNDERSTANDING (this "Agreement") is made as of the 21st day of July, 2004, by and between the STATE OF VERMONT (the "Assignor") and VERMONT HYDROELECTRIC POWER AUTHORITY (the "Assignee").

WITNESSETH:

WHEREAS, BRASCAN POWER CORPORATION, a corporation organized under the laws of the Province of Ontario, Canada ("Brascan"), EMERA, INC., a corporation organized under the laws of the Province of Nova Scotia, Canada ("Emera"), and Assignor have entered into a Memorandum of Understanding ("MOU"), dated May 5, 2004, setting forth the principal terms regarding the proposed acquisition of the hydro assets of US Gen New England, Inc., which are located on the Connecticut and Deerfield Rivers; and

WHEREAS, pursuant to Section 5(g) of the MOU, Assignor may assign the MOU and its interests therein to a special purpose entity formed by the State of Vermont Legislature to receive the rights and carry out the obligations of Assignor thereunder, without the prior written consent of Brascan or Emera; and

WHEREAS, the State of Vermont Legislature has formed a special purpose entity, Assignee, to finance, purchase, own, operate or manage any interest in the hydro assets, to sell the electric energy under the control of the Assignee at wholesale, and to receive the rights and carry out the responsibilities of Assignor under the MOU;

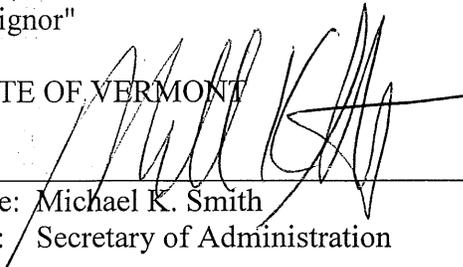
NOW, THEREFORE, in consideration of the recitals set forth above and incorporated herein, and for other good and valuable consideration, Assignor and Assignee hereby agree as follows:

1. Assignor hereby grants, transfers and assigns to Assignee, and its successors and assigns, all the right, title and interest of Assignor now or hereafter acquired in and to the MOU; and
2. Assignee, and its successors and assigns, agree to faithfully abide by, perform and discharge each and every obligation, covenant, condition and agreement of the MOU which was to be performed by Assignor and to enforce performance by the other parties thereto of each and every obligation, covenant, condition and agreement to be performed by such other parties; and
3. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Vermont.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment of Memorandum of Understanding to be executed the date first written above.

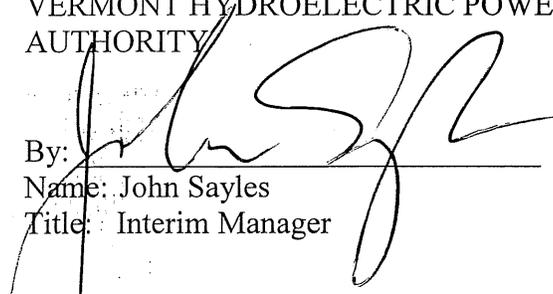
"Assignor"

STATE OF VERMONT

By: 
Name: Michael K. Smith
Title: Secretary of Administration

"Assignee"

VERMONT HYDROELECTRIC POWER
AUTHORITY

By: 
Name: John Sayles
Title: Interim Manager

CONSENT AND JOINDER

The undersigned hereby consents to the above assignment as to the Memorandum of Understanding to which it is a party.

"Brascan"

BRASCAN POWER CORPORATION

By: _____
Name:
Title:

"Emera"

EMERA, INC.

By: _____
Name:
Title:

**MEMORANDUM OF AGREEMENT
BETWEEN
AGENCY OF ADMINISTRATION
AND
DEPARTMENT OF PUBLIC SERVICE**

THIS MEMORANDUM OF AGREEMENT is made this 9th day of June 2004, by and between the Agency of Administration ("AOA") and the Department of Public Service ("DPS"):

WHEREAS, the Vermont Hydroelectric Power Authority ("VHPA") has been created in 30 V.S.A. Chapter 90 as a body corporate and politic and a public instrumentality of the State; and

WHEREAS, pursuant to 30 V.S.A. §8053(e), the Governor or his designee may appoint an interim manager for the VHPA, who shall serve at the Governor's pleasure with full authority to take all actions authorized under 30 V.S.A. Chapter 90 to protect and advance the interests of the state of Vermont; and

WHEREAS, the interim manager shall continue performing the duties of the position until such time as a board of directors is appointed, hires a permanent manager, and that person assumes office; and

WHEREAS, the Governor has designated his authority in this matter to Michael K. Smith, Secretary of the AOA; and

WHEREAS, John Sayles, DPS deputy commissioner, has been appointed by the Secretary of Administration to fill the interim manager position; and

WHEREAS, the DPS Commissioner and the Secretary of the AOA agree that it is in the best interest of the State, the DPS and the VHPA to allow John Sayles to share the positions of VHPA interim manager and DPS deputy commissioner on a time-as-needed basis.

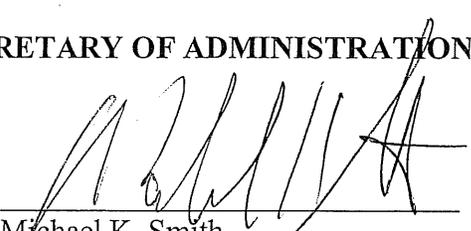
NOW, THEREFORE, it is hereby agreed by and between the parties as follows:

1. **Sharing of Position.** John Sayles, DPS deputy commissioner, shall be a shared employee between the DPS and the VHPA on a time-as-needed basis.
2. **Duration; Renewal.** This agreement shall continue until the earliest of the following: the VPHA ceases to exist; Mr. Sayles is replaced as interim manager at the AOA Secretary's discretion; the VHPA hires a permanent

manager and that person takes office; or January 1, 2005. This agreement may be renewed by written agreement of the parties.

3. **Funding.** Funding for salary, benefits, office space, supplies, equipment and support (including telephone and computer) shall be provided by the DPS. Expenses related to DPS deputy commissioner duties, including in-state and out-of-state travel, shall be funded by DPS. Expenses related to VHPA interim manager duties, including any additional compensation to the interim manager, in-state and out-of-state travel, shall be reimbursed by the VHPA to the DPS. VHPA consultant fees shall be funded directly by the VHPA.
4. **Travel and Expense Approval.** The DPS shall approve all travel and expenses.
5. **Office Location.** The VHPA interim manager shall be located within the DPS.
6. **Duties.** Duties shall be performed for all functions as-needed. At a minimum, DPS duties will include all personnel officer-related functions, all existing administrative functions performed by the deputy commissioner, including budgeting and legislative relations, and participation as a member of the Vermont radiological response team. VHPA interim manager duties shall be those set forth in 30 V.S.A. Chapter 90.

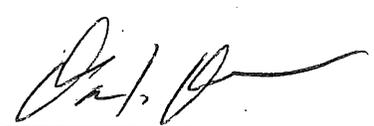
SECRETARY OF ADMINISTRATION



Michael K. Smith
Secretary of Administration

July
June 6, 2004

DEPARTMENT OF PUBLIC SERVICE



David O'Brien
Commissioner

June 30, 2004