

Vermont Department of Public Service

Biennial Report

July 1, 2006 - June 30, 2010

July 2011



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INTRODUCTION

The Department of Public Service (Department or DPS) is charged with representing the public interest in utility cases before the Public Service Board, federal regulatory agencies, and state and federal courts; providing long range planning for the state's energy needs through the Vermont Electric Plan and the Comprehensive Energy Plan; ensuring all Vermonters share in the benefits of modern communications through the Vermont Telecommunications Plan; promoting energy efficiency; administering federal energy programs; resolving utility customer complaints; and making and administering contracts for the purchase of power on behalf of the state.

The Department's mission is to serve all citizens of Vermont through public advocacy, planning, programs, and other actions that meet the public's need for least cost, environmentally sound, efficient, reliable, secure, sustainable, and safe energy, telecommunications, and regulated utility systems in the state for the short and long term. The Department does this by

- Promoting the interest of the general public in the provision of the state's regulated public services- electricity, natural gas, telephone, cable television, and, to a limited degree, water and wastewater;
- Ensuring that the state's telecommunications infrastructure can support a diversified set of services that address the current and potential needs of the state's residents and business entities;
- Protecting the public health and safety and ensuring that safety regulations established by federal and state government for natural gas, and certain types of propane installations are met; and
- Alerting and discussing with federal agencies issues involving Vermont's nuclear facilities if jurisdiction for the issue lies with a federal agency.

Under 30 V.S.A. §24, the Department is required to prepare a Biennial Report for the General Assembly. Biennial Reports have been required since 1855, when the legislature provided for the appointment of a railroad commissioner (No. 26 of the Acts of 1855), giving this commissioner

. . . a limited jurisdiction over the operation of steam railroads with access to the books and accounts of railroad companies operating in Vermont and required such railroads to make annual returns of such character as the commissioner should prescribe. . . . By No. 64 of the Acts of the same session, the commissioner was required to make an annual report to the legislature during the first week of its session. (*Biennial Report of the Public Service Commission of the State of Vermont*, Dec. 1920 - Dec. 1921).

By 1908, the structure of the Commission and its areas of jurisdiction had grown and changed. Under its new name, Public Service Commission, which replaced Board of Railroad Commissioners, the legislature expanded its authority to include jurisdiction over the manufacture and distribution of gas, electricity, telegraph and telephone companies, and sleeping car companies. A few years later, reservoirs and private water companies were added. Since these early years, the Department's organization and responsibilities have continued to evolve. However, since 1855, Biennial Reports to the General Assembly have been prepared to reflect significant activities and the status of companies under the jurisdiction of the Public Service Commission, which since 1981 has been divided into the Public Service Board and the Department of Public Service.

This combined Biennial Report describes highlights of the Department's activities covering two biennia - July 1, 2006 through June 30, 2008; and July 1, 2008 through June 30, 2010. The last biennial report completed by the Department was in 2006. Chapter 1 focuses on the Department's services to the citizens of Vermont over the prescribed time period. Chapters 2 through 5 provide information on regulated industries - electric utilities, telecommunications, natural gas, and water and wastewater. For companies in each of these industries,

information is presented that reflects their financial status, services provided to Vermont consumers, and rates during the biennia represented.

1. DEPARTMENT OF PUBLIC SERVICE ACTIVITIES

A. Public Advocacy Division

The primary purpose of the Department's Public Advocacy Division is to represent the public interest in litigation before the Public Service Board (Board or PSB) and administrative procedures that are not contested cases such as workshops and rulemakings, covering all areas of the Board's jurisdiction over public service companies or utilities and the conduct of their business. It is also responsible for representing the public interest of Vermont relating to utility matters in all forums where those interests are at stake, such as the Federal Energy Regulatory Commission (FERC), the Federal Communication Commission (FCC), the Nuclear Regulatory Commission, U.S Bankruptcy Court, and state and federal courts.

Public Advocacy is headed by a director, a statutory appointee who is responsible to the commissioner, and has five full-time staff lawyers, one part time staff lawyer, and one administrative assistant. Other areas within DPS provide experts, such as engineers, economists, or analysts, and support services for Public Advocacy. Outside consultants are hired to help with some cases as needed.

The Public Advocate is a statutory party in all cases before the PSB. Much of the litigation work done by Public Advocacy has historically been in utility rate cases that determine whether and how much a utility's rates should be changed because of capital investment and operating expenses. Additionally, the Public Advocacy Division is involved in investigations involving transmission line upgrades, nuclear generation, renewable energy generation and issues such as alternative regulatory plans, access to transmission facilities, and contracts for purchase of power by utilities. Public Advocacy is also responsible for review of and recommendations regarding proposed utility tariff changes, certificates of public good and special contracts. In addition to these traditional activities, Public Advocacy has worked closely with and provided support to the Consumer Affairs Division on consumer protection issues arising from consumer complaints.

The Public Advocate's charge to serve the public interest is broadly understood to mean the long term interest of all Vermonters (residential, commercial and industrial) in the reliable and least-cost provision of utility services. The public interest, however, encompasses not only the interests of ratepayers, but of all parties affected by utility operations, including other consumers, business and industry, and the state as a whole. What serves the public interest may not be the lowest current rates, but rather rates that assure the safe and reliable provision of adequate service over the long term.

A substantial part of the legal staff's time involves legal planning, advising, and drafting. During the legislative sessions, the Public Advocacy Division is intimately involved with bill review and the legislative process. The Public Advocate also provides in-house legal assistance to DPS. As does any state agency, DPS requires almost daily legal advice on major and minor matters. Lawyers respond to public record requests, they interpret statutes, and they interpret and explain to DPS personnel the essential steps to follow in state and federal regulatory requirements. Additionally, with the assistance of DPS personnel from other divisions, Public Advocacy frequently reviews proposed construction and tariff filings and meets with utility petitioners to discuss possible settlement of disputed issues, upcoming projects, and advanced planning for the future of Vermont.

For summaries of major utility cases Public Advocacy was party to during the 2006-2010 Biennia see the relevant subject matter sections (Electricity, Telecommunications, etc)

B. Consumer Affairs and Public Information Division

The Department’s Consumer Affairs & Public Information Division (CAPI) facilitates informal resolutions of citizens’ complaints against regulated utilities, advocates for policies which protect consumer interests, and educates consumers about utility issues so they can more effectively advocate for themselves. In many instances, the CAPI team is able to work with utilities and consumers to craft agreements acceptable to both parties. Below is a summary of the intakes and contacts CAPI has had with Vermonters.

Table 1-1 Consumer Contacts from 2006- 2010

2006	5,075
2007	5,430
2008	5,014
2009	7,882
2010	5,287

Consumer contacts are classified as either “complaints” or “queries”. Complaints involve some expression of consumer dissatisfaction with something about their utility service. Queries are consumer questions in which no dissatisfaction is implied or expressed. Inquiries are consumer questions or complaints related to the Food & Fuel Program, a resource assistance service operated through CAPI from 2008 through 2009. CAPI continues to receive calls from the public requesting assistance with services covered by the Food & Fuel Program, including propane issues and inquires about loan programs to assist consumers in switching their fuel source. Complaints are further delineated into “grievances” or “escalations”. An escalation is a case in which, following investigation, CAPI determined that there was something the utility could or should have done differently to resolve the customers concern before the individual contacted DPS. An escalation may or may not involve a violation of rule or law. Consumer contacts are shown in the following table:

Table 1-2 Complaint Classification Table 2006-2010

Year	2006		2007		2008*		2009*		2010	
	#	%	#	%	#	%	#	%	#	%
Grievances	2,242	44.30%	2,382	44/1%	2,478	49.40%	4,181	59.00%	3,134	52.60%
Escalations	587	11.60%	434	8.10%	526	10.50%	1,136	16.00%	1,013	17.00%
Total										
Complaints	2,829	55.90%	2,816	52.20%	3,004	59.90%	5,317	75.00%	4,147	69.60%
Queries	2,236	44.10%	2,581	47.80%	1,812	36.10%	1,564	22.10%	1,722	29.00%
Inquiries	N/A	N/A	N/A	N/A	202	4.00%	208	2.90%	85	1.40%
Total										
Contacts	5,065	100%	5,391	100%	5,018	100%	7,089	100%	5,954	100%

*Numbers representing grievances, escalations, queries, and inquiries for the years 2008 - 2010 are subject to verification through case review process.

Table 1-3 demonstrates the number of complaints by utility type, which, following investigation, were found to be justified. The majority of these complaints concerned utility deposits, service disconnections, service installations, billing problems, quality of service, or repairs. Telephone issues include a greater diversity of problems because of the expanding number of service providers to include land-based telephone companies,

VoIP providers, long distance carriers, wireless carriers and billing aggregators. CAPI also receives an ever-increasing number of public requests for information regarding the availability of broadband. Even though many of these areas are not state regulated, CAPI works to resolve them informally for the good of the public.

Table 1-3 Utility Customer Escalations* to DPS, 2006 – 2010

	2006	2007	2008	2009	2010
Telephone	405	253	331	1,000	774
Electric	64	38	62	61	91
Cable	112	137	119	60	136
Natural Gas	4	4	8	13	8
Water	2	0	0	0	2
Other	0	2	6	2	2
Totals	587	434	526	1,136	1,013

Source: DPS Consumer Affairs & Public Information Division

* CAPI staff determined after investigation there is something the company could or should have done differently before the consumer contacted DPS.

The division worked with consumers and utilities to resolve these escalations, resulting in the following savings for consumers, delineated in table 1-4:

Table 1-4 SAVINGS FOR CONSUMERS

Year	2006	2007	2008	2009	2010
Savings	\$66,991	\$37,223	\$84,664	\$173,353	\$341,824

The CAPI staff continues to work with utilities on the development and monitoring of Service Quality and Reliability Plans so the data can be used for problem solving. Additionally, the staff has worked with utilities and organizations on affordability issues, legislative testimony, Universal Service Fund, Vermont Telecommunications Relay Services and the Equipment Distribution Program, Lifeline, service quality plans, and a multitude of other programs that provide support and protections to Vermont consumers.

C. Planning and Energy Resources Division

In conjunction with a Department wide reorganization the Planning Division and the Energy Efficiency Division were merged in 2009 to create the new Planning and Energy Resources Division in recognition of the integrated work done by the divisions. The Division is headed by a director and includes an assistant director, two utility economic analysts, one energy policy and program analyst, four energy program specialists, and three grant specialists (three of the energy program specialist and the three grant specialist are limited-service employees). The description of the Division's duties is divided into the "Planning Group" and the "Energy Resources Group".

The Planning Group

The Planning Group develops and revises the State's plans for electricity and for other energy resource. The Planning Group analyzes utility and energy-related policy proposals for the state, the building of facilities and transmission lines, reviews proposed utility special contracts and integrated resource plans, and provides technical support and expert witness testimony to the Public Service Board on a wide range of utility plans, planning processes, purchases, rate and rate design proposals, and alternative forms of regulation. The Planning Group also prepares studies on numerous issues arising from legislation and in the regulatory arena.

Preparation of Statewide Plans and Studies

The Planning Group is responsible for projecting the state's energy needs and for proposing policies and strategies for addressing those needs consistent with statutory objectives. In preparation of the statewide plans, various computer models are used for estimating need and simulating policy. The Department relies on econometric models for electricity forecasting and on the REMI model for forecasting and policy simulation of demographic patterns of growth and of the economy.

The DPS energy plans set out goals and objectives reflected in Board Orders, state statutes, and a survey of the current situation, and put forth a set of statewide policies, guidelines, and recommendations to guide future decision-making. These goals reflect and extend the goals established by the legislature for energy and the environment.

During the biennial periods covered in this report considerable research efforts have been undertaken in preparation and publication of the Electric Plan and a draft of the Comprehensive Energy Plan. The Electric Plan was adopted in January of 2005, and a Draft Update to that Electric Plan was released in October of 2006. A Draft of the Comprehensive Energy Plan was issued in 2008, but a final plan was not adopted. The Department will be releasing a new Comprehensive Energy Plan in October 2011.

Electric Plan

Pursuant to 30 V.S.A. §202 the Department of Public Service is required to prepare an Electric Plan consistent with statutory goals and objectives. The Electric Plan analyzes the current status of the state's electric utility industry and the primary factors that may influence it over the planning horizon, discussing background and definition of the major issues. Vermont's plan is based on extensive research and modeling, using the REMI and Energy 2020 modeling software. REMI is a leading economic forecasting tool designed to answer questions about the economic impacts of potential policy choices. REMI works with Energy 2020, which is a forecasting model specific to the energy industry. These models allow the Planning Group to analyze the state's current situation and to simulate alternative situations over a 20-year planning horizon.

The Electric Plan also provides specific objectives and recommended actions for meeting Vermont's electricity needs and analyzes how the industry atmosphere may be enhanced by policy initiatives into the future. The Plan is state government's public policy document for Vermont's electric utility industry, and any company seeking Public Service Board authority to make investments, finance, site, or construct a generation or transmission facility, or to purchase electricity or rights to future electricity, must request a determination by the Department whether the proposed action is consistent with the plan.

The most recent version of the Vermont Electric Plan was adopted January 19, 2005. It was the first comprehensive revision to the Electric Plan since December of 1994. A draft update to the Electric Plan was released in October of 2006, serving as a supplement detailing key features of Vermont's electricity environment that emerged following the release of the 2005 Electric Plan, including projections of energy demand after significant increases in the budgets and program activities of Vermont's Energy Efficiency Utility. The Department is currently updating the Electric Plan for release in October 2011, in conjunction with the Comprehensive Energy Plan.

Vermont Comprehensive Energy Plan

The Vermont Comprehensive Energy Plan (CEP) reviews all forms of energy used in Vermont and establishes plans for addressing our energy needs in ways that improve environmental quality, affordability, and reliability. 30 V.S.A. §202b requires a periodic update of the state energy plan no less frequently than every five years.

Preparing for Vermont's energy needs is closely related to efforts to control Vermont's greenhouse gas emissions. Energy represents the primary source of our greenhouse gas footprint. Under both of the previous two administrations the significance of this nexus was recognized by the incorporation of a state climate change action plan as part of the CEP. The current administration has recognized this nexus as well.

The result of the CEP should provide a menu of options for Vermont to consider to address both environmental and energy goals. The CEP also provides a longer lasting framework for ongoing planning and implementation. The DPS is currently developing a new Comprehensive Energy Plan, which is expected to be completed by October 2011.

Legislative Studies

The Department prepared the following reports for the Legislature during the biennial periods:

Report of the Vermont Department of Public Service on the Vermont Yankee License Renewal, February 27, 2009

This report was prepared under contract with the Vermont Department of Public Service pursuant to Act 160 of the 2005-2006 session of the Vermont State Legislature.

This report presents the results of the studies commissioned by the Department of Public Service ("DPS") concerning the proposed certificate of public good for the Vermont Yankee nuclear power station to allow operation of the station an additional 20 years. The report covers a wide variety of topics relevant to the relicensing of Vermont Yankee, including topics that were identified by the DPS staff in consultation with other state Departments and through a public engagement process.

Available at: <http://publicservice.vermont.gov/dockets/7440/Final%20Report%202-25-09.pdf>

Regional Greenhouse Gas Initiative – Status Report

Pursuant to 30 V.S.A. § 255 (e)

By January 15 of each year, commencing in 2007, the department of public service in consultation with the agency of natural resources and the public service board provides to the house and senate committees on natural resources and energy, the senate committee on finance, and the house committee on commerce report detailing the:

- ▶ The Implementation and Operation Of RGGI
- ▶ The Revenues Collected and the Expenditures Made Under this Section,
- ▶ The Recommended Principles to be Followed in the Allocation of Funds.

Assessment of the Vermont Yankee Nuclear Facility, 12/22/08 ("the NSA Report").

Act 189 of the Vermont General Assembly, enacted in June 2008 required a comprehensive vertical audit and reliability assessment ("the reliability assessment") of the Vermont Yankee Nuclear facility. The reliability assessment was performed by Nuclear Safety Associates (NSA) under contract to the Vermont Department of Public Service (DPS) and in collaboration with the Public Oversight Panel. A supplemental reliability assessment was completed in January of 2010 after it became clear that underground piping carrying radionuclides existed at Vermont Yankee.

Efficiency Potential Studies

The Planning and Energy Resource Division continued to work with consultants to create revisions to previous efficiency potential studies during the biennia. The first, detailing the available cost effective electric efficiency, was developed in relation to the Public Service Board proceeding to determine the appropriate amount of funding for the state's energy efficiency utility. It was released in July of 2006. The second study detailed the amount of available cost-effective efficiency from unregulated fuels – heating oil, kerosene, propane, and wood. It was released in January of 2007, and has spurred debate on how to implement programs to achieve efficiency. Both reports are available on the Department's website. New efficiency potential studies are underway.

The Creation of an Alternative Regulation Framework for Energy Utilities

30 V.S.A. §218d allows utilities to propose alternative regulation plans to the Board in order to move away from traditional cost-of-service regulation. To date, three utilities have proposed and have received approval for alternative regulation plans: Vermont Gas Systems, Green Mountain Power, and Central Vermont Public Service Corporation. Together with the Finance and Economics Division, and the legal staff of the Department, the Planning Group has worked to ensure that the frameworks established for these plans are consistent with statutory goals and reflect a fair balance of risk and reward to shareholders in relation to the service delivered to ratepayers.

Transmission Planning

On June 5, 2003 Vermont Electric Power Company, Inc. (VELCO) filed for a permit to upgrade the high-voltage transmission system between Rutland and Burlington. VELCO asserted that the project was needed to reinforce the power delivery system in Northwest Vermont, via construction of new and upgraded transmission lines and substations to satisfy reliability criteria and avoid congestion charges. This case was considered in Docket 6860. The Public Service Board approved the upgrade even though it concluded that the project might have been deferred or prevented had better long range planning been undertaken.

Subsequent to this decision, Act 61 was passed, requiring VELCO to create a long-range transmission system plan and a public engagement process to implement the plan. Act 61 addressed some of the higher level concerns raised by the Board's decision in Docket 6860. The Board's decision in Docket 6860 together with the framework for transmission planning established through Act 61 opened the door for closer review of detailed issues of coordination between VELCO and the Vermont distribution utilities, the Energy Efficiency Utility, and reliance on market mechanisms to complement transmission planning efforts in delivering least cost service. The Board opened Docket 7081 to investigate the opportunities for better and more effective least cost planning for transmission system and reliability needs.

Because transmission system planning is so closely tied to electricity reliability, it is also critical to public health and safety. Integration of generation planning, energy efficiency, open public process, coordination with regional entities, and overlapping regulation from federal regulators add to the challenges for Vermont utility planners. The Planning Group has and will continue to play an integral role in reviewing transmission planning procedures and proposals to give all resource options fair consideration in the context of transmission proposals.

The MOU in Docket No. 6290 contains a form for the selection of local areas for Distributed Utility Planning ("DUP") analysis. A decision using this form has the legal status of a presumption that can be challenged before the PSB. The form provides the utility with a "checklist" to determine the likelihood that DSM and DG alternatives could meet local area capacity needs and succeed in deferring the need for T&D investments.

Review of Gas and Electric Purchases, Investments, Sales, and Facilities Proposals

The Planning Group carries out its statutory requirements related to analysis and review of all utility proposals to purchase natural gas, electric capacity, or energy from outside the state (if the contract amount is greater than 1% of the utility's load and the contract period exceeds five years) in accordance with 30 V.S.A. §248. The statute also requires prior approval of any site preparations or investments in natural gas and electric facilities or transmission lines. The Department's assessment of these utility proposals, along with input from other designated parties and the public, is taken into consideration as the Board determines whether the proposed action will promote the general good of the state. If the Board approves the proposed contract or investment, a certificate of public good (CPG) is issued, allowing the proposal to proceed.

Utilities notify the Department when seeking PSB authority to make investments, issue debt, construct a generation or transmission facility, or make certain purchases of electricity so that the Department can determine whether the proposed action is consistent with the *Vermont Electric Plan* (30 V.S.A. §202(f)). During the period of this report, Planning completed 40 reviews of this type.

Review of Utility Integrated Resource Plans

Least Cost Integrated Planning (LCIP) for energy utilities was established as a statutory requirement in 1992 (30 V.S.A. §218b and c). LCIP was established to help assure utility customers are provided with safe and

reliable service at the lowest life cycle cost. A key component of each IRP is the utility's planned portfolio of supply resources, demand side management (DSM) programs, and transmission and distribution improvements that will enable the company to serve its customers at the lowest life cycle cost over the next 20 years.

Each of Vermont's regulated electric utilities and the state's natural gas utility must submit for DPS review and PSB approval an integrated resource plan (IRP) that documents the utility's long term planning efforts. The Planning, Engineering, and Energy Efficiency Divisions review Integrated Resource Plans (IRPs) that the state's electric and gas utilities prepare in accordance with the *Vermont Electric Plan*, Board Orders, and 30 V.S.A. §218c.

This process is also intended to facilitate information exchange among utilities, regulatory agencies, and the public and culminate in the filing of utility plans that satisfy the standards for the DPS review and PSB approval with a goal of promoting a shared understanding, transparent and sound decision making, and effective planning at lowest life-cycle cost consistent with statutory objectives.

Planning in a Regional Energy Landscape

The flow of energy does not recognize political borders; electrons flow freely throughout New England and between markets and control areas. The Planning Group works closely with nearby jurisdictions to ensure affordable, reliable, and environmentally sound energy is available to Vermont's citizens. In the regional landscape, Planning participates in and provides technical support for the development of ISO-NE's Forward Capacity Markets; the New England Governors/Eastern Canadian Premier's Conference Climate Action Plan and other energy issues; negotiations with Hydro Quebec; the Regional Greenhouse Gas Initiative; the Clean States Energy Alliance; the development of regionally recognized Avoided Energy Supply Costs, and other initiatives and projects that affect the region as a whole.

Other Activities of the Planning Group

The Planning Group is involved in the creation, compliance, and review of many other initiatives and proceedings. Involvement varies and can include instigating a board proceeding reviewing utility proposals or proposed legislation or providing litigation and technical support as an expert witness in regulatory proceedings.

Utility Facts: The Planning Group created a comprehensive resource of utility information for policy makers, legislators, and the public. It is regularly updated and is available on the Department's website.

Rate Cases: The Planning Group regularly provides economic and policy analysis for regulated utility rate cases before the Public Service Board.

Special Contracts: No regulated utility may enter into a contract or render any special service that is not covered in a current PSB approved rate schedule, without prior approval. The Planning Group makes recommendations to the PSB on these cases (See Section 1.F for more information on special contracts).

FERC and NRC cases: The Planning Group offers technical and analytical support in Federal Energy Regulatory and Nuclear Regulatory Commission cases.

Providing Support for Other Agencies: For example, participating in the DEC's Climate Change Action Plan process.

Providing Internal Support: For example, collaboration with the Engineering Division in the development and implementation of the Vermont Yankee Emergency Response Plan.

Energy Resources Group

Introduction

The Energy Resources Group (ERG) in the Planning and Energy Resources Division (previously the Energy Efficiency Division) works to develop policies and programs that facilitate the efficient use of energy, and the use of renewable energy in Vermont. The Energy Resources Group initiates, promotes, coordinates, monitors, evaluates and reviews a wide variety of policies, programs, and initiatives.

In all its work the ERG is guided by Vermont's Energy Policy, articulated in 30 V.S.A. §202a:

It is the general policy of the state of Vermont:

(1) To assure, to the greatest extent practicable, that Vermont can meet its energy service needs in a manner that is adequate, reliable, secure and sustainable; that assures affordability and encourages the state's economic vitality, the efficient use of energy resources and cost effective demand side management; and that is environmentally sound.

(2) To identify and evaluate on an ongoing basis, resources that will meet Vermont's energy service needs in accordance with the principles of least cost integrated planning; including efficiency, conservation and load management alternatives, wise use of renewable resources and environmentally sound energy supply.

The ERG has the primary responsibility for overseeing the operation of Efficiency Vermont (EVT) and Burlington Electric Department (BED), Vermont's two Energy Efficiency Utilities (EEUs).¹ The ERG reviews the activities of each EEU, advises and participates in program design changes, verifies its savings claims and manages an extensive program of formal evaluation and reporting on EEU performance, and provides an ongoing assessment of Vermont's energy efficiency markets.

The ERG functions within the Department as Vermont's State Energy Office and works with the U.S. Department of Energy (DOE) on energy efficiency and renewable energy programs in this role. The Department has supported the School Energy Management Program, Vermont Energy Education Program, Vermont Clean Cities Program, Vermont Campus Energy Group, and many other projects and programs with DOE SEP funds. Additional activities of the state energy office are as follows:

- Review energy usage and efficiency features of Act 250 permit applications under Criteria 9 (F) and (J).
- Facilitate updates for the energy building codes in both the residential and commercial sectors.
- Monitor fossil fuel price activity through completion of a survey of heating fuel dealers and retail

¹ Efficiency Vermont provides efficiency services to ratepayers of all electric utilities except Burlington Electric Department (BED). BED delivers programs in its service territory. A more detailed discussion of the structure of efficiency delivery is found below.

gas stations.

- Coordinate with other state agencies to reduce the cost and environmental impact of the State's own energy use.
- Administer the Vermont Clean Energy Development Fund (CEDF), which promotes the development and deployment of cost-effective and environmentally sustainable electric power and thermal energy resources. The CEDF was an independent entity for part of the time encompassed by the biennia but returned to being part of the Department in July 2011.
- Administer Federal American Recovery and Reinvestment Act (ARRA) funds granted through DOE.

The ERG has taken a leading role in developing programs and policies to promote the development of renewable energy technologies, including wind, solar, biomass, and farm methane. The ERG also works closely with Forests Parks and Recreation (FPR) to coordinate efforts on biomass energy issues.

The ERG works with the Planning Group on the *Vermont Electric Plan* and the *Vermont Comprehensive Energy Plan* to ensure that energy efficiency is treated on a level playing field relative to other supply resource options. The ERG also works with the Economics and Public Advocacy Divisions on matters related to rate cases and other litigated proceedings. Finally, the ERG works with the Business Division in managing federal funds.

Furthermore the ERG works with Vermont utilities, other state and federal agencies, businesses, institutions, non-profits and advocacy groups. The ERG also serves as an advocate for energy efficiency and renewable energy in local, state, regional and national forums.

The Energy Efficiency Utility

In May of 1997, the Department of Public Service (DPS) proposed the creation of a single independent statewide Energy Efficiency Utility (EEU) to deliver the energy efficiency programs being provided by the State's electric utilities. In January of 1999 the DPS, Vermont electric utilities, and other stakeholders entered into a lengthy negotiation process to create the EEU. Vermont Energy Investment Corporation (VEIC) won a competitive solicitation to commence operation of the EEU in 2000, providing comprehensive energy efficiency services under the trade name "Efficiency Vermont" to ratepayers in all service territories except Burlington Electric Department (BED). BED delivers services in its service territory in close coordination with Efficiency Vermont. VEIC's contract was renewed in 2003, and the organization again won a competitive solicitation in 2005 for operation 2006-2008. The contract was renewed for 2009-2011.

The original structure of the EEU, where the Public Service Board contracted with an entity to be Efficiency Vermont on a three year basis, was extremely successful in delivering programs to Vermont ratepayers. However, it was not without opportunity for further improvement. For example, the contract structure required periodic bidding for the contract despite mounting evidence that the model was becoming uncompetitive. Further, the longer-term planning horizon necessary for effective participation in the ISO-NE Forward Capacity Market, together with practical concerns about the Board's role in administering the contract contributed to a view that some changes were warranted. In 2009, following a long series of Public Service Board workshops to discuss and evaluate methods for improving the delivery of efficiency services in Vermont, the Department petitioned the Board to open a formal investigation to consider improvements to the

EEU structure. Ultimately, the Board approved a change in EEU structure to an “Order of Appointment.” As described by the Public Service Board:²

This new structure retains the essential functions of the existing EEU but changes the relationship of the EEU with the Board and other entities. In particular, rather than being under a three-year contract with the Board, the EEU will move to a twelve-year rolling Order of Appointment model that will provide additional program stability and better serve ratepayers. Under this new model, the Board will no longer have a contractual relationship with the EEU, and the EEU will have increased responsibilities as well as increased oversight that is accomplished through more transparent proceedings and additional periodic, public reviews.

VEIC and BED were subsequently appointed by the Board to continue to serve ratepayers under this Order of Appointment model.³ The ERG continues to work with parties continue to work under Phase II of Docket 7466 to resolve remaining issues identified by the Board, and transition to the Order of Appointment structure. A “Demand Resource Plan” (DRP) proceeding, currently underway, will determine budgets and performance targets for the 2012-2014 performance cycle, and will provide guidance regarding budgets and targets that can be used for long-term State resource planning activities.

Efficiency Vermont (EVT) has now been in operation for over ten years. For the three completed three-year performance cycles, EVT met or exceeded most of all its major performance requirements. BED has also served its ratepayers well throughout this timeframe.⁴ Table 1-5 below details the total annualized 1st year MWh savings acquired by EVT and BED from 2000 – 2010.

1-5 State Energy Efficiency Program Annualized Savings Results

Year	Incremental MWh Savings*
2000	28,760
2001	36,045
2002	38,821
2003	46,874
2004	47,750
2005	52,982
2006	62,317
2007	112,396
2008	151,702
2009	90,324
2010	120,313 ⁵

The EEU Budget and the Energy Efficiency Charge

The Vermont Legislature has long required that electric utilities include “comprehensive energy efficiency

² Public Service Board “Order Approving Change in EEU Structure and Scheduling Status Conference. 11/24/09. Page 5

³ For more information regarding Docket 7466, please see <http://psb.vermont.gov/docketsandprojects/eeu/7466>

⁴ The ERG completed an “Overall Performance Assessment” of VEIC and BED as part of Docket 7466. The results of that assessment, and the Department’s recommendation to appoint VEIC and BED, can be found at: <http://psb.vermont.gov/sites/psb/files/docket/7466EEUStructure/DPSOPArecommendationFINAL.pdf>

⁵ Preliminary estimate subject to verification.

programs” as part of their responsibility to deliver electricity to their customers at the least cost (30 V.S.A. 218c). These comprehensive energy efficiency programs were incorporated into rates and funded through ratepayers’ electric bill. In the spring of 1999, the Vermont legislature authorized the Public Service Board (PSB) to establish a separately stated energy efficiency charge (“EEC”) to fund EEU programs.

The PSB determines overall budgets (including budgets for EVT, BED, the DPS, and the Fiscal Agent) for energy efficiency program delivery on a three year cycle. The Board then sets the EEC on an annual basis. For most Vermont electric ratepayers, the charge is uniform in the same customer class, regardless of which utility provides electric service to that customer.⁶ The EEC appears on each electric utility customer’s monthly bill and is collected by the serving utility. Each utility forwards the EEC collections to a Fiscal Agent under contract with the PSB. The Fiscal Agent disburses all EEC funds collected. The PSB sets the EEC based upon the approved three year budgets for energy efficiency and by the methodology described in PSB Rule 5.300.⁷

The Public Service Board balances a number of legislatively directed considerations when they determine the three year budget and efficiency programs delivered by EEU’s (which then form the basis for the EEC). Many of these directives can be found in 30 V.S.A §209(d)(4) and 30 V.S.A §209(e). The legislature directed particular emphasis on “. . . reducing the size of future power purchases; reducing the generation of greenhouse gases; limiting the need to upgrade the state’s transmission and distribution infrastructure; [and] minimizing the costs of electricity. . . .” The budgets approved for collection via the EEC since 2001 are shown in Table 1-6 below.⁸ As noted above, budgets for 2012-2014 will be developed in the Board’s Demand Resource Plan proceeding.

Table 1-6

Total Annual EEU Budget to be Collected through the Energy Efficiency Charge (“EEC”)	
2001	\$10,240,568
2002	\$12,478,531
2003	\$14,000,000
2004	\$16,224,477
2005	\$17,500,000
2006	\$19,500,000
2007	\$24,000,000
2008	\$30,750,000
2009	\$30,699,000
2010	\$33,485,000
2011	\$38,500,000

⁶ Burlington Electric Department (BED) did not collect an EEC in 2001 or 2002. It funded the implementation of the core programs in its service territory through bond proceeds. BED started collecting an EEC in 2003. The design of the BED EEC is the same, but the actual charge is calculated separately and is slightly different than the statewide charge.

⁷ Rule 5.300 can be found at: http://psb.vermont.gov/sites/psb/files/rules/OfficialAdoptedRules/5300_Energy_Efficiency_Charge.pdf

⁸ Budgets are approved on a three-year basis and actual expenditures in any one year will likely vary slightly from the approved budget amounts.

Energy Efficiency Utility Oversight and Evaluation

Pursuant to 30 V.S.A. § 209(e)(10), the Board must provide for an independent evaluation of efficiency programs. Under the original contract structure for efficiency delivery, the Public Service Board held the contract with the energy efficiency utility and thus had direct oversight responsibilities for its operations. The Board had delegated the responsibility of independent evaluation to the DPS, and provided funding through the energy efficiency charge (“EEC”). Under the Order of Appointment Structure, the DPS will maintain that role, and it will continue to be carried out by the ERG.

The Energy Resources Group has provided for this evaluation through the periods covered by this biennia primarily through the services of independent contractors specializing in energy efficiency evaluation and selected through a competitive process. However, on a forward going basis the PSB has approved using the EEC to fund full time staff to improve evaluation systems and reduce overall costs. The evaluation includes annual verification of EVT’s annual savings and total resource benefit claims, ongoing review of its savings assumptions documentation, and formal assessments of the residential and business energy efficiency markets and EVT program effects on those markets.

In addition to the general activities described above, the evaluation activities include participation on a Technical Advisory Group (TAG) that reviews EVT’s technical reference manual additions and revisions, follows up on Department findings in its verification processes, and provides a forum for other issues related to EVT’s savings estimate procedures. This “ex ante” activity provides a valuable service in minimizing the areas of disagreement between parties through extensive coordination prior to implementation of programs.

Other important areas of evaluation focus include benchmarking of EEU’s versus other program administrators in the region and nationally, participation in regional studies that are applicable to Vermont (leveraging EEC funds to provide greater value per dollar spent), and focused evaluation of specific measures and/or initiatives. For example, the Department recently evaluated whether the EVT initiative that geographically targets energy efficiency efforts to areas that have transmission and/or distribution system constraints is a viable option to avoid costly system upgrades. It appears the concept is viable. Evaluation reports are published on the DPS website.⁹

Over the 2006-2008 period, the Department spent \$1,785,688, on these evaluation activities, or approximately 2.4% of the overall 2006-2008 Board-approved energy efficiency budget. This percentage is low compared with the percent of budget allocated to evaluation in other leading states around the country. For the 2009-2011 performance cycle the Board has approved a budget of approximately \$2.6 million, or approximately 2.5% of the approved budget for that timeframe.¹⁰ The Evaluation Plan and budget for the 2012-2014 time period will be developed in the Board’s Demand Resource Plan proceeding. The new plan will incorporate activities related to Heating and Process Fuel efficiency programs as well as EEC funded initiatives.

Finally, the ERG has also been responsible for monitoring and evaluation of energy efficiency savings bid into the regional ISO-New England Forward Capacity Market (FCM). EVT and BED participate in the FCM on behalf of the state. Participation requires the submittal of a Measurement and Verification Plan (M&V Plan).

⁹ Historical evaluations and State documents related to the EEU can be found at http://publicservice.vermont.gov/energy/ee_statesanctionedinformation.html and http://publicservice.vermont.gov/energy/ee_performaceevaluation.html

¹⁰ The DPS EEU Evaluation Plan can be found here:

http://publicservice.vermont.gov/energy/ee_files/efficiency/eval/DPSEnergyEfficiencyEvaluationPlan2009_121609.pdf.

For the first two savings claims, both VEIC and BED identified the Department as the entity to perform this effort. The M&V for ISO-New England requires a significant amount of on-site metering and analysis of that data in order to ensure savings are calculated correctly. The Department has hired independent contractors to conduct the majority of this work. Costs are approximately \$500,000 per year and are necessary for the state to receive millions of dollars in revenues from participation in the market. That revenue has been directed back to the EEU's to deliver Heating and Process Fuel efficiency programs.

Energy Efficiency Utilities - Heating and Process Fuel Efficiency Services

Beginning in 2010, direct revenues from Vermont's participation in both the Forward Capacity Market and the Regional Greenhouse Gas Initiative will be allocated to the State's EEU's for the purpose of developing comprehensive unregulated fuel energy-efficiency services. Funding through 2011 totals approximately \$8.7 million, and Efficiency Vermont and Burlington Electric Department began service delivery as described in the addendum to its annual plan filed with the Public Service Board in December of 2009.¹¹ With somewhat limited resources relative to the magnitude of opportunities, the EEU's are targeting certain selected markets, including building a robust market for services through its Home Performance with ENERGY STAR program, Commercial Heating System Efficiency Improvements, Dairy Farm Fossil Fuel Heat Recovery Units, and a low income partnership. In addition, activities will be coordinated to be delivered seamlessly to customers in conjunction with activities funded through the electric energy efficiency charge. The ERG has reviewed and supports the initial program offerings, and will be responsible for oversight and evaluation in the same manner as other EEU activities. While the budgets for these initiatives are largely a function of the revenues from the FCM and RGGI, the EEU performance targets will be developed in the Demand Resources Plan proceeding. This program coordinates with the "All-Fuels Efficiency Program" described further below.

Self Managed and Self Administered Energy Efficiency Programs

In 2009 the ERG, pursuant to direction from the General Assembly (30 V.S.A. §209 (d)(4) and 30 V.S.A. §209 (h)) proposed to the Board two programs that allow certain eligible customers the opportunity to self-implement energy efficiency measures at their own facilities.

The Energy Savings Account (ESA) option allows customers who pay an average annual energy efficiency charge (EEC) of at least \$5,000 to apply to the Board to self-administer energy efficiency. Customers who choose this option would be eligible to be reimbursed from the Energy Efficiency Fund for qualifying expenses up to 70% of their EEC. The customer's Energy Efficiency Utility remains involved in the process in that it can provide technical assistance and ensures that all installed measures are cost-effective.¹²

The Self Managed Energy Efficiency Program (SMEEP) is a program for eligible transmission and industrial electric ratepayers who are committed to and possess considerable expertise regarding energy efficiency. The SMEEP provides customers a choice to remain eligible to participate in EEU Service offerings or to pursue both electric and fuel energy efficiency measures on their own.¹³

¹¹ http://efficiencyvermont.com/stella/filelib/EVT_AP10%20Addendum%20_FINAL%20.pdf. EVT has further updated its delivery plans in subsequent annual plan filings and in filings within the Demand Resources Plan proceeding.

¹² More information regarding ESAs can be found here:

http://www.efficiencyvermont.com/pages/Business/SavingEnergy/Energy_Savings_Account/

¹³ More information regarding the SMEEP can be found here: <http://psb.vermont.gov/projects/eeu/smeep>

The Public Service Board has approved both programs in 2009. Each program has one enrolled customer at the time of this writing.

Review of Act 250 Applications for Energy Efficiency

The standard for permit review under Act 250, Vermont's land use statute requires applicants to use the "best available technology" for energy design and equipment. Department staff is part of the interagency team that reviews and comments upon land use proposals under Act 250. The Department is responsible for reviewing applications for conformance with Criteria 9(F) (energy efficiency) and 9(J) (public utility ability to serve).

The Department reviews Act 250 proposals weekly and determines whether Act 250 applicants have met the energy criteria. Applications which are typically deemed to have a significant energy impact may be retail malls, office buildings, schools or other large facilities. The Department contacts individual applicants and discusses ways to make a project more energy efficient, which can produce many benefits, including lower utility bills for a building's occupant and reduced pressure to raise utility rates by decreasing demand.

The Department provides information to developers about resources that can improve projects from the perspective of energy consumption. The 2007 Vermont Guidelines for Energy Efficient Commercial Construction have helped to expedite the Department's review of Act 250 permit applications in a simplified, consistent and streamlined manner. The guidelines are modeled on national energy codes and standards, and have provided a predictable "target" for energy performance by applicants. The Department is currently in the process of updating the 2007 guidelines with the adoption of the update expected to become effective in 2011.

A resource available to Act 250 applicants is Efficiency Vermont, which can help determine whether a project complies with the law's minimum energy requirements. Efficiency Vermont also provides technical review of projects with recommendations for improving energy efficiency. It also offers financial incentives for certain measures or design features that exceed minimum energy guidelines prescribed in Act 250 permits.

All-fuels Efficiency Program

In 2008, the Vermont General Assembly established a Heating and Process Fuel Efficiency Program (aka the All-fuels Efficiency Program) through Act 92 (30 V.S.A. § 235). In this Act the DPS was directed to "solicit and monitor any combination of energy efficiency and conservation programs, measures, and compensation mechanisms to provide fuel efficiency services on a statewide basis for Vermont heating or process fuel consumers."

Act 92 specifies that the Heating and Process Fuel Efficiency Program shall include fuel efficiency services that:

- (1) produce whole building and process heat efficiency, regardless of the fuel type used;
- (2) facilitate appropriate fuel switching; and
- (3) promote coordination, to the fullest practical extent, with electric efficiency programs, as well as with low income weatherization programs and any utility energy efficiency programs.

The Heating and Process Fuel Efficiency Program is funded through the Fuel Efficiency Fund. The Fuel Efficiency Fund receives revenues from the sale of credits under the RGGI cap and trade program. The

General Assembly later allocated the RGGI funds to be deposited into the Electric Efficiency Fund to be used by Efficiency Vermont for heating and process fuel programs and incentives.

The DPS held two stakeholder meetings to discuss the development of the All-fuels Program, which were attended by approximately 40 individuals representing fuel dealers, state weatherization programs, Efficiency Vermont, utilities, non-profits, and others in the energy field. Meeting participants were asked to identify existing resources and programs for all-fuels efficiency and gaps that currently exist in the services available. Participants were also asked to prioritize the existing gaps. The top priorities were as follows:

- Additional funding to expand available weatherization services to low-income residents, (including expanding eligibility beyond current income levels), low middle-income residents and small businesses; and additional funding options such as low/no interest loans.
- Workforce development (including training new professionals as energy auditors and installers, as well as training for the existing trades) and standardization/certification.
- Coordination between all the existing and potentially new programs/services, including one main organization that residents could go to for independent and accurate information, referrals to existing resources, etc.

Due to the limited funding available for all-fuel efficiency activities the Department significantly narrowed the scope of services in the RFP issued to select a contractor to implement the All-fuels Program to focus on the low-income residential sector. The Vermont Fuel Efficiency Partnership (VFEP) was selected and awarded a contract to implement the program. A total of almost \$2.8 million will be used by VFEP to provide audits, installation of efficiency measures such as insulation and heating system upgrades, outreach and education, and workforce training. A majority of the funds were allocated to weatherize multi-family homes for low income Vermonters who are over the eligible income levels for the current Weatherization Program (60 percent of median income) but under 100 percent of median income.

The VFEP is a joint venture of the state's five Weatherization Assistance Programs. The VFEP is designed in such a manner as to facilitate local engagement and integration of community resources in addressing priority energy efficiency needs. The VFEP offers a comprehensive approach that includes coordination of weatherization services, community education and outreach, financing, and home performance monitoring and evaluation.

Residential Building Energy Standards (RBES)

The Vermont Residential Building Energy Standards (RBES) was adopted by statute in 1997 (21 V.S.A. § 266) and affects all new homes (and additions over 500 square feet) built after July 1, 1998. The RBES was revised in 2004 and revisions took effect January 2005. The statute requires that at least a year prior to final adoption of each revision of the RBES, the DPS shall convene an advisory committee to include one or more mortgage lenders, builders, building designers, utility representatives and other persons with experience and expertise, such as consumer advocates and energy conservation experts to provide the Department with recommendations for revisions of the RBES.

In 2009, DOE included the following requirements for applying for funding through the American Recovery and Reinvestment Act (ARRA):

The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

- A residential building energy code that meets or exceeds the most recent International Energy Conservation Code, or achieves equivalent or greater energy savings.
- A plan to achieve 90 percent compliance with the above energy codes within eight years. This plan will include active training and enforcement programs and annual measurement of the rate of compliance.

In response to DOE requirements for funding through ARRA the Vermont General Assembly made additions to the RBES. These included timelines to update the Residential Energy Code as required in ARRA.

The DPS started the process to update the VT Residential Energy Codes in September 2009. Stakeholder meetings were completed in May 2010 and the rulemaking process to adopt the new RBES will be completed in 2011. The Department will issue a Request for Proposals in 2011 to hire a contractor to assist with the completion of the compliance plan.

Commercial Building Energy Standards (CBES)

The Energy Resources Group has been managing the Commercial Building Energy Standards (CBES) development and implementation project under a number of State Energy Program grants with the U.S. DOE. This project is closely coordinated with the state's building design, engineering and construction community in an effort to develop consensus-based, statewide minimum efficiency standards for commercial new construction in the state. The Vermont CBES development team utilized the national model energy codes (IECC 2004/ASHRAE 90.1-2004) in developing the first iteration of guidelines, *2005 Vermont Guidelines for Energy Efficient Commercial Construction*. The 2005 Commercial Guidelines were published in December 2005. Training workshops, outreach and technical assistance to support the implementation and adoption of the *2005 Vermont Guidelines* were the primary focus of the project throughout 2006.

The development, adoption and implementation of the *2005 Vermont Guidelines for Energy Efficient Commercial Construction* was a complex, multi-faceted project involving numerous stakeholders from the state's building construction, engineering, architectural and real estate community coupled with various state agencies and many other interested parties. The energy code affects the state's new commercial, industrial, institutional and high-rise multi-family building construction projects. The CBES project team successfully developed a number of technical documents, implementation plans, training materials and public outreach and education materials including a website (http://publicservice.vermont.gov/energy-efficiency/ee_commstandards.html) to make the code documents and compliance guides readily available to Vermont's building design and construction community.

The 2006 General Assembly enacted the Commercial Building Energy Standards (CBES) into law (21 V.S.A. § 268). In 2007 the *2005 Vermont Guidelines for Energy Efficient Commercial Construction* became the energy code for all commercial new construction. The 2005 Guidelines were also successfully integrated into criterion 9F (energy conservation) of Act 250 review to expedite permit approval in a simplified, consistent and predictable manner. The 2005 Guidelines establish minimum energy performance requirements for Act 250 permitted commercial and industrial developments throughout the state.

In 2009, the U.S. Department of Energy (DOE) included the following requirements for applying for funding through the American Recovery and Reinvestment Act (ARRA):

The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

- A Commercial building energy code (or codes) that meet or exceed the most recent International Energy Conservation Code, or achieve equivalent or greater energy savings.
- A plan to achieve 90 percent compliance with the above energy codes within eight years. This plan will include active training and enforcement programs and annual measurement of the rate of compliance. The Department is currently in the process of developing the compliance plan.

In response to DOE requirements for funding through ARRA the Vermont General Assembly made the additions to the CBES. These include timelines to update the Commercial Energy Code as required in ARRA. The Department has completed and submitted a draft rule for adoption of the required update to the code. The update is based in part on IECC 2009 and incorporates Vermont specific measures. Adoption is expected in 2011.

Fossil Fuel Price Monitoring

The ERG has been monitoring fossil fuel prices for over two decades. From the first week of October until the end of March (the Vermont heating season), a weekly survey of fuel dealer prices is conducted. The ERG also participates in the U.S. Department of Energy's *State Heating Oil and Propane Program*, and supplies the collected price data to DOE on a weekly basis through input to its online database. To maintain a reasonable time series of fuel price data, the survey is conducted on a monthly basis during April through September. In addition to price information, the ERG also collects and publishes information on dealer's price protection programs.

ERG outreach efforts include the publication of the monthly *Vermont Fuel Price Report*. The report includes information on current and projected petroleum fuel prices and serves as a resource on fuel issues for the media, the administration, and the legislature. The report is distributed through the DPS website and through an email distribution list, which includes over 200 individuals, fuel dealers, news media, consumer advocates, and state agencies.

ERG staff also represents the Department on the *Home Energy Assistance Task Force* (HEAT Force), a statutory body intended for policy review of the state's low-income fuel assistance program.

Figures 1-1 through 1-5 compare the average monthly price for 2001 through 2010.

Figure 1-1

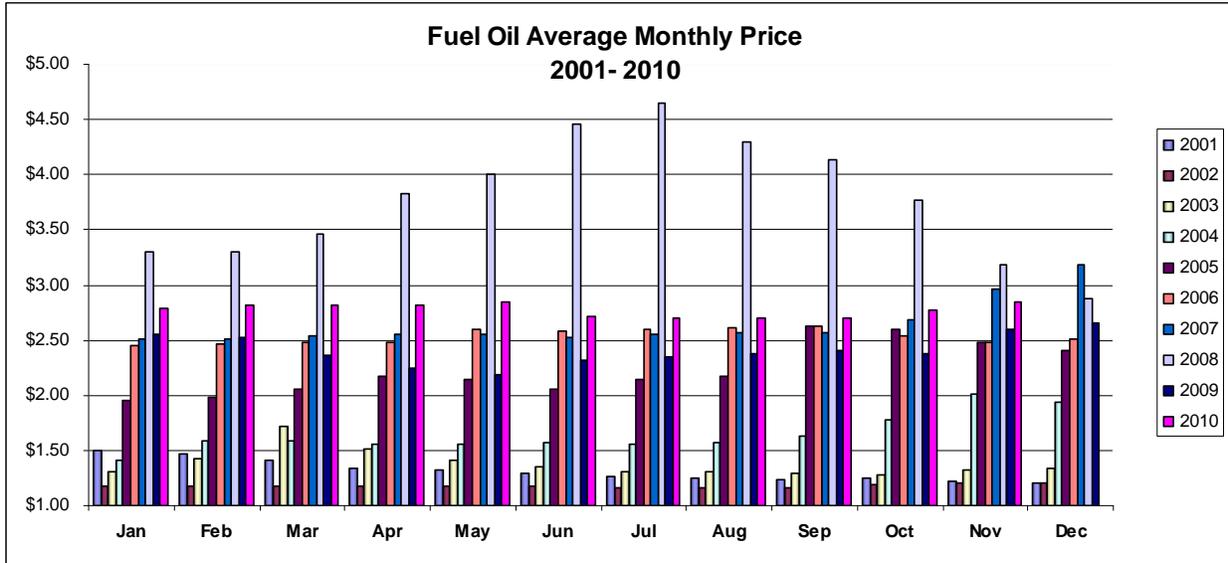


Figure 1-2

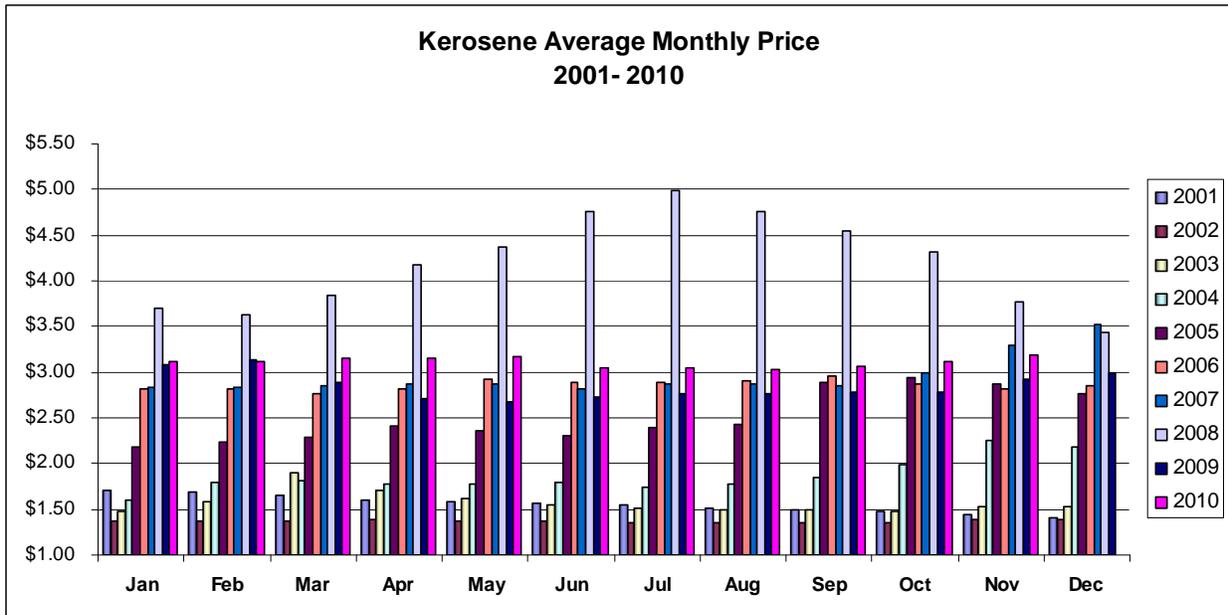
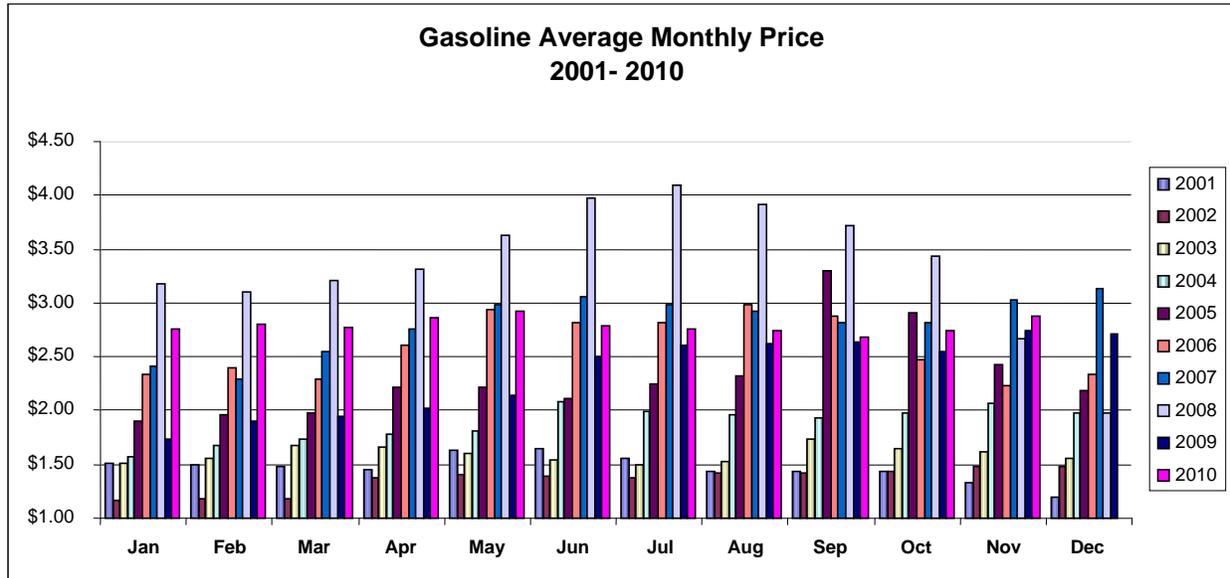


Figure 1-5



Wind Energy Development

The ERG has addressed key barriers to wind power development in the state in recent years through the management of Senator Jeffords' wind energy federal appropriation, collaborative projects with renewable energy organizations, and funding for systems through the Clean Energy Development Fund (discussed in a later section).

A congressional appropriation sponsored by Senator Jeffords, secured nearly \$1.5 million in federal dollars to study the potential for wind energy in Vermont and to advance the development of Vermont's wind resources through small wind demonstration projects at farms, schools, municipalities, and welcome centers. The project period for these funds was August 2002-December 2008. The following activities were completed with these funds from 2006-2008:

- Developed and installed 18 wind turbine systems at schools, municipal and state facilities, and agricultural sites around Vermont. Together the wind turbine systems provide up to 200 kilowatts of clean and renewable energy into the local electric grid, while trimming electric bills and providing a valuable statewide educational resource.
- Developed educational resources and promoted wind technology programs at Vermont Colleges.
- Supported the *Vermont Commission on Wind Energy Regulatory Policy*.
- Supported photo simulation services to prepare computer simulation of wind turbines proposed to be constructed in various locations in Vermont.
- Supported the Vermont Technical College Anemometry Loan Program which installed metrological towers at chosen sites across Vermont.
- Established a state wind resource reference program accelerating commercial-scale wind power

development in Vermont by installing and operating a network of long-term wind resource reference stations.

- Produced wind resource maps for each county in Vermont,
- Collected and published wind turbine performance reports.
- Prepared a systems owner's manual and troubleshooting guide for the various school, farms, and welcome center wind systems.
- Developed a wind system maintenance program.
- Created a robust website on the "Vermont Small-Scale Wind Demonstration Program" (<http://www.vtwindprogram.org/>)

Sponsorships

The ERG has also collaborated with various organizations in providing financial support for conferences and workshops targeted at enhancing understanding of renewable energy and energy efficiency. Sponsorship funds were provided for the following events and activities:

- Annual Renewable Energy Vermont Conference.
- Grass Energy Symposium
- National 25 x 25 Meeting
- Renewable Energy Vermont Distributed Generation Workshop
- Northeast Sustainable Energy Association Workshop
- Community Based approaches to energy and climate change
- Cow Power Meeting
- AIV Energy Conference
- VSJF Biodiesel Workshop
- Rebuild Technical Workshop

Biomass Energy

Cow Power Program: Central Vermont Public Service Corporation's (CVPS) Cow Power™ program has been a deciding factor in a number of farm methane installations in the state. CVPS Cow Power™ is intended to help promote development and reliance on renewable energy in Vermont by creating a market for energy generated from burning methane produce from cow manure. By enrolling in CVPS Cow Power™, customers help support Vermont dairy farms that generator electricity from methane produced from cow manure and other renewable generation in the region, and provide an incentive to farmers to enter the business. For every kilowatt-hour requested by customers and provided by a Vermont farm, CVPS will pay the farmer the market price for energy plus the CVPS Cow Power™ charge of 4 cents for the environmental benefits of the energy.

A DPS designee serves on the *CVPS Renewable Development Fund* Executive Committee. The *CVPS Renewable Development Fund* offers participating farm-producers financial incentives to overcome barriers to the development of electric generation facilities that use the anaerobic digestion of cow manure to produce electricity for resale to CVPS for the Cow Power™ program.

Alternative-Fuel Transportation

Biodiesel Program: Over the last several years, successes in various Vermont pilot studies have proven that biodiesel can be an effective fuel in compressors, snow and farm equipment, and residential, commercial, and institutional heating systems, despite the state's cold climate. Biodiesel blends from B2 to B20 are available from fuel dealers in some areas of the state for use in home heating systems as well as some retail gas stations for use in transportation vehicles. Several of the pilot projects have been initiated under the coordination of the ERG, the Vermont Fuels Dealers Association, the Vermont Sustainable Jobs Fund, and the Vermont Biofuels Association.

Vermont Clean Cities Program: In 2001, the Vermont Clean Vehicle Coalition (VCVC) became the 82nd partner in the DOE Clean Cities Program. The Clean Cities Program is a government-industry partnership designed to reduce petroleum consumption by advancing the use of alternative fuels and vehicles, idle reduction technologies, hybrid electric vehicles, and fuel economy. This mission is carried out through a network of volunteer coalitions, which provide a forum for members to leverage resources, develop joint projects, collaborate on public policy issues, and promote petroleum displacement and clean air technologies.

The VCVC activities have included facilitating the sales of Alternative Fuel Vehicles (AFV) by interacting with prospective fleet customers and AFV dealers; organizing and holding AFV workshops; writing grant applications; conducting public education and outreach campaigns; organizing and hosting stakeholder meetings; and developing and promoting AFV maintenance training programs.

The DPS issued a grant solicitation in 2006 to find a new permanent host for the program (the program was previously hosted by EVermont who no longer had the resources to sustain the Coalition). Ultimately the University of Vermont Transportation Center (UTC) was chosen to host the program in July, 2007. As host of the program the UTC maintains a data base of stakeholders, community fleets, alternative fueled vehicles and refueling stations. The UTC also completes an annual VT Transportation Energy Report, which focuses on factors that impact transportation energy demand, including trends in Vermont fleets and travel patterns.

Vermont Superintendents Association School Energy Management Program

The Department has provided funding to support the Vermont Superintendents Association School Energy Management Program (SEMP) since its inception. The Program has assisted schools in the implementation of cost-effective energy efficiency measures since 1993. Ongoing energy savings to Vermont schools now exceed \$1 million annually.

The program works in partnership with the following organizations:

- Vermont Department of Public Service, Energy Resources Group
- Efficiency Vermont
- Electric and Gas Distribution Utilities
- Vermont Department of Education
- Vermont Department of Forests, Parks and Recreation
- Vermont Department of Health

The program routinely assists schools by providing the following services: ongoing support to the 33 public schools which now utilize biomass systems; technical assistance for other renewable energy opportunities; and energy audits to ascertain appropriate energy efficiency measures to implement.

The program has also worked with schools in the areas of:

- Utility service quality and service voltage concerns;
- Utility billing discrepancies;
- Analysis of cogeneration potential;
- Organizing and holding the annual Vermont school wood chip users conference;
- Participation at Department of Education Preliminary Plan Review meetings for new school construction projects; and
- Assistance to Vermont Energy Education Program in their curriculum efforts in schools.

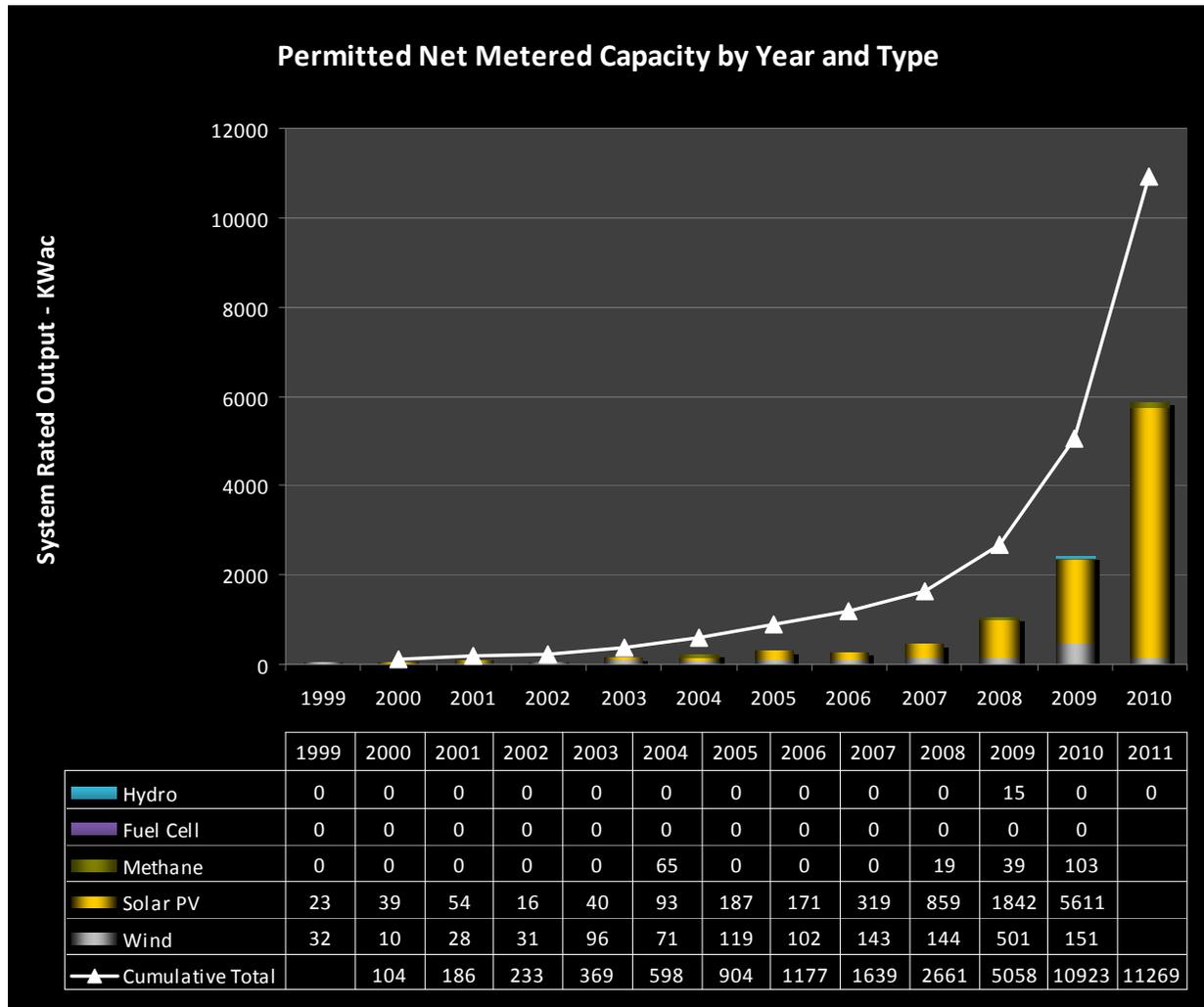
A “circuit rider” approach is utilized by the program to respond to requests for on-site energy assessments and to provide consulting services to schools.

Net Metering

The 1998 legislative session enacted a Net Metering law (30 V.S.A. §219a), requiring electric utilities to permit customers to generate their own power using small-scale renewable energy systems of 15 kW or less. The excess power generated by these systems can be fed back to the utility, basically running the electric meters backwards.

Amendments in 1999, 2002 and 2008 permitted the installation of more capacity, and larger systems. Beginning in 2002 “group net metering” was restricted to farmers only, to group their electric accounts together to use as an offset against the amount of electricity produced by on-site generation such as a farm based methane recovery system. The 2008 amendments lifted this restriction, increased the permissible size per installation to 250kW, established a simplified permitting process for systems under 50kW, and raised the ceiling on total system installed capacity from one percent to two percent of peak load.

Figure 1-6 Permitted Net Metered Capacity by Year and Type
Systems Capacity by Year and Type



The net metering statute is crafted to encourage customers to size their systems to meet primarily their own needs. In the course of a year the consumer can receive credit only for generation delivered back to the system that equals the total amount taken from the system. Any net excess generation fed back into the grid goes to the benefit of the distribution utility at the end of the year (customers during the 2006 – 2010 period did not receive payment for the excess generation).

The American Recovery and Reinvestment Act of 2009 extended many consumer tax incentives originally introduced in the Energy Policy Act of 2005 (EPACT) and amended in the Emergency Economic Stabilization Act of 2008 (P.L. 110-343). Consumers who install solar energy systems (including solar water heating and solar electric systems), small wind systems, geothermal heat pumps, and residential fuel cell and microturbine systems can receive a 30% tax credit for systems placed in service before December 31, 2016; the previous tax credit cap no longer applies. 2011 continues the residential Solar Federal Tax Credit first enacted in 2009. The old program was capped at \$2,000. With the new program, a consumer can claim up to 30% of installation costs for a new system. Existing homes & new construction qualify.

In addition to the Federal tax credit Vermont's Small Scale Renewable Energy Incentive Program, initiated in June 2003, provides funding for new solar water heating, solar electric (photovoltaic), wind, and micro-hydro energy system installations. Currently in its sixth round of funding (5.2 million dollars), the program is available to single- and multi-family residences, commercial and industrial businesses, farms, schools, builders/developers, and local & state governments.

As can be seen in Figure 1-6 these incentives have served as a major driver in the rate of installation of solar facilities. In 2004-2006 there were only 329 permitted net-metered systems in Vermont, with an installed capacity of net-metered systems of 749.3 kW. From 2007- 2010 the number of installed systems has climbed to 1319 systems with an installed capacity of 10,923 kW.

The ERG answers customer questions about net metering, monitors' participation, and was actively involved as the consumer advocate in the PSB proceedings establishing the current rules for application for a net metering Certificate of Public Good ("CPG").

Table 1-7 Net Metering CPG's as of February 2011 by Utility and Type

Utility	Capacity kW AC					Number of Systems				
	Wind	Solar PV	Methane	Fuel Cell	Hydro	Wind	Solar PV	Methane	Fuel Cell	Hydro
Barton	9.50	11.99	0.00	0.00	0.00	1	3	0	0	0
BED	9.50	897.76	0.00	0.00	0.00	1	37	0	0	0
CVPS	308.05	2162.74	84.00	0.00	15.00	58	444	2	0	1
Enosburg										
GMP	619.55	5556.93	84.00	0.00	0.00	30	458	2	0	0
Hardwick	76.50	61.78	0.00	0.00	0.00	8	15	0	0	0
Hyde Park	9.50	19.82	0.00	0.00	0.00	1	4	0	0	0
Jacksonville	10.68	0.00	0.00	0.00	0.00	3	0	0	0	0
Johnson										
Ludlow										
Lyndonville	0.00	20.05	0.00	0.00	0.00	0	7	0	0	0
Morrisville	38.00	96.46	0.00	0.00	0.00	0	0	0	0	0
Northfield	0.00	61.97	0.00	0.00	0.00	0	4	0	0	0
Orleans										
Readsboro	0.00	14.85	0.00	0.00	0.00	0	1	0	0	0
Stowe	0.00	94.43	20.00	0.00	0.00	0	10	1	0	0
Swanton	0.00	3.34	0.00	0.00	0.00	0	1	0	0	0
VEC	300.81	609.07	38.00	0.00	0.00	40	116	1	0	0
VMPD OMYA										
WEC	60.36	218.00	0.00	0.00	0.00	7	63	0	0	0
Total	1442.44	9829.18	226.00	0.00	15.00	149	1163	6	0	1

Electric companies are required to make net metering available to any customer using a net metering system on a first-come, first-served basis until the cumulative output capacity of net metering systems equals a specified limit. This limit on cumulative output capacity was set initially in 2001 at one percent of 1996 or current calendar year "peak demand" whichever is greater.¹⁴ In 2008 the General Assembly raised the cap to two

¹⁴ "Peak Demand" means the highest monthly peak reported in either the electric company's FERC Form 1, or the electric company's Electric Annual Report to the Vermont Department of Public Service for the Year.

percent and legislation that became law in 2011 doubled that to four percent. Figure 1-7 presents the amount of capacity as percent of peak as of February 2011.

Figure 1-7 Permitted Capacity as Percent of Peak as of February 2011

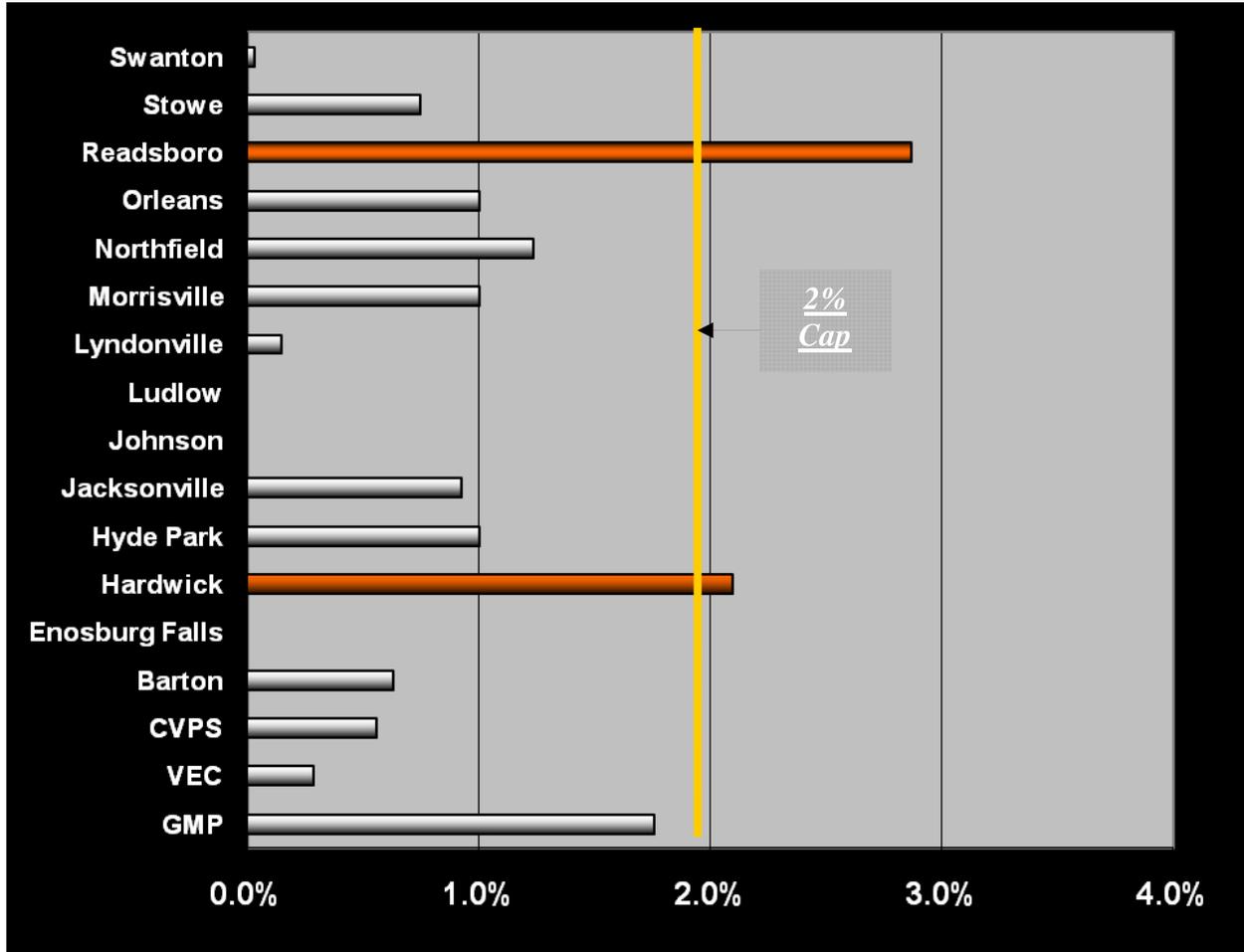


Table 1-8 Percent of Customers Net Metered by Utility - 2010

<u>Utility</u>	<u>Total Customers</u>	<u>Number of Systems</u>	<u>Percent of Customers Net Metered</u>
Barton	2,172	4	0.18%
BED	20,019	38	0.19%
CVPS	159,030	505	0.32%
Enosburg	1,637	0	0.00%
GMP	94,716	490	0.52%
Hardwick	4,313	23	0.53%
Hyde Park	1,360	5	0.37%
Jacksonville	697	3	0.43%
Johnson	899	0	0.00%
Ludlow	3,639	0	0.00%
Lyndonville	5,566	7	0.13%
Morrisville	3,889	0	0.00%
Northfield	2,284	4	0.18%
Orleans	668	0	0.00%
Readsboro	319	1	0.31%
Stowe	3,907	11	0.28%
Swanton	3,509	1	0.03%
VEC	37,427	157	0.42%
VMPD OMYA	876	0	0.00%
WEC	10,486	70	0.67%
Total	357,413	1319	0.37%

Clean Energy Development Fund

In 2005, the Vermont General Assembly established the Vermont Clean Energy Development Fund (CEDF) through Act 74 (10 V.S.A. § 6523). The Act specifies that the Vermont Clean Energy Development Fund will be established and funded through proceeds due to the state under the terms of two Memoranda of Understanding between the Vermont Department of Public Service (DPS) and Entergy Nuclear VT and Entergy Nuclear Operations, Inc., and by any other monies that may be appropriated to or deposited into the Fund. The CEDF will receive payments from Entergy through 2012 with a final payment received in March of 2013. The CEDF has offered a portfolio of funding opportunities to accelerate the development, commercialization, and production of clean energy in Vermont, including grants, loans, equity investments, and contracts.

To the extent possible given funding availability, the CEDF is managed to promote:

- The increased use of renewably produced electrical, thermal, geothermal energy, combined heat and power, and emerging energy-efficient technologies in the state;
- The growth of the renewable energy-provider and combined heat and power industries in the state;
- The creation of additional employment opportunities and other economic development benefits in the state through the increased use of renewable energy and combined heat and power technologies; and
- The stimulation of increased public and private sector investment in renewable energy and combined heat and power related enterprises, institutions, and projects in the state.

In accordance with 10 V.S.A. § 6523, the DPS (and specifically the ERG) provided the Clean Energy Development Board and its fund manager with administrative services. The ERG has extensive experience with issuing proposal solicitations and administering contracts and grants. Prior to August 2009, the Fund was administered by the DPS with an Advisory Committee made up of legislators and the commissioner of the DPS. The Advisory Committee appointed an Investment Committee of seven whose members reviewed and approved the CEDF plans, budgets and program designs, and assisted the DPS in the review of grants and investments; determining the viability of a project, company, product or service; and evaluating marketing and business plans. This structure was changed in August of 2009 when a separate Board was set up to administer the CEDF and a CEDF Director was hired to manage the day-to-day operation of the Fund. Legislation passed in 2011 returns the CEDF to the prior structure as of July 2011.

American Recovery and Reinvestment Act (ARRA) Programs

In 2009 the ERG submitted applications to DOE for American Recovery and Reinvestment Act (ARRA) funding and was awarded \$31,592,500. This included \$21,999,000 for the ARRA State Energy Program (ARRA-SEP) and \$9,593,500 for the Energy Efficiency and Conservation Block Grant program (EECBG) for distribution through 2012. The ARRA funds are being distributed through grant solicitations, a continuous loan application and review process, rebates, and contracts. All ARRA funds are being obligated, disbursed, administered, and accounted for in a manner that is consistent with all applicable federal requirements such as transparency, timeliness, job creation, energy savings, local matching funds and accountability.

Energy Efficiency and Conservation Block Grant Program

EECBG funding is supporting energy efficiency and renewable energy projects via three main initiatives: a competitive local government grant round, funding for regional planning commissions, and support for the Vermont Fuel Efficiency Partnership. The first initiative under this program was a competitive local government sub-grant program. In response to the grant solicitation, the CEDF/DPS received 323 pre-applications requesting over \$13 million in funding for the \$5.8 million available. After screening the pool of pre-applications, 162 applicants were invited to submit full proposals. In March 2010, the \$5.8 million was awarded to 128 distinct units of government (cities, towns, villages, schools and school districts) for energy efficiency and renewable energy projects.

To improve thermal efficiency statewide, the CEDF/DPS committed \$2.28 million of EECBG funds to the Vermont Fuel Efficiency Partnership administered by the Central Vermont Community Action Council. This initiative, also known as the All Fuels Program, supports the delivery of energy efficiency services to low-income Vermont heating consumers. The Program funds audits, installation of efficiency measures such as insulation and heating system upgrades, outreach and education, and workforce training. A majority of the funds will be used to weatherize multi-family homes for low income Vermonters who are over the eligible income levels for the current Weatherization Program (60 percent of median income) but under 100 percent of median income. This effort will fill a key gap to meet the needs of a population that does not have the means to install efficiency measures. This will also allow the continuation of the All-Fuels Efficiency Program funded initially with RGGI funds, which was previously described.

State Energy Program

Funding through the ARRA-SEP has been awarded to grants and low-interest loans for an array of renewable and energy efficiency projects for schools, organizations, communities, and businesses. Technologies included

efficient lighting, Photovoltaics, solar thermal biomass heating, wind, biogas (farm, landfill and waste water treatment plant) and small hydro power. Within ARRA-SEP was the legislatively authorized Public Serving Institutions program which awarded grants totaling over \$4 million to colleges, hospitals and other public organizations.

ARRA-SEP funds also continued to support the solar and wind rebates through the Vermont Small Scale Renewable Energy Incentive Program administered by the Renewable Energy Resource Center. The Fund also provided \$2 million under ARRA-SEP for a geothermal heating and cooling system to be installed at the new State office building in Bennington. Two small contracts totaling \$79,500 were also provided to update Vermont's Commercial Building Energy Standards (CBES) and to help communities learn how to best structure group-net metered renewable power systems.

To distribute federal ARRA-SEP and state funds a competitive grant solicitation and loan round was issued in 2010 for small-, large-, and community-scale projects, special demonstration projects, and pre-project financial assistance. In response to the February 2010 solicitation, the CEDF received proposals from thirty two applicants requesting over \$7 million in financial assistance. In May the Fund awarded \$1.8 million in ARRA-SEP grants and loans to 10 projects including a biogas cogeneration project, a 10 to 12 MW wind plant at Georgia Mountain, and a 300 kW PV system. Several projects requested and received both grants and loans.

The CEDF also provides low-interest loans (2%) to qualified projects on an on-going basis. In addition to the loans that were offered through the competitive round above, the Fund approved an additional \$1.4 million in loans to fund such initiatives as a landfill methane project, biomass district heating at a college campus, and a 100 kW wind project at Burke Mountain. To date the CEDF has awarded 13 grants to colleges, universities, elementary and secondary schools, hospitals and health clinics under the Public Serving Institutions program totaling \$2.2 million. An additional \$2 million went to the Department of Buildings and General Services (BGS) as stipulated by the Legislature for statewide energy efficiency measures in state facilities.

The Vermont Small Scale Renewable Energy Incentive Program, created in 2003, provides rebates to individuals, businesses, municipalities, and multi-family low-income housing projects for grid connected and net metered solar electric and small wind systems, solar hot water and small-scale hydropower systems. Operated by the Renewable Energy Resource Center (RERC, a unit within the Vermont Energy Investment Corporation, VEIC), the program received a boost of \$7.3 million in funding this year from CEDF via ARRA-SEP. The CEDF has provided funding for this program since the Fund's inception. In 2010, the incentive program used both ARRA and state resources to provide rebates to 324 renewable energy installations with total costs for these projects of over \$7 million. An additional 269 systems were reserved in 2010 as well. Since inception, the Fund has supported 1,129 systems with a total installed cost of \$23.3 million using funds from CEDF, ARRA, DOE and DPS.

D. Engineering Division

The Engineering Division has responsibility for natural gas and propane delivery and operations issues and electric energy production, transmission and distribution activities with a focus on safe, reliable, and efficient operations on behalf of Vermonters. The Engineering staff performs monitoring and inspections at facility sites in the state, including Vermont Yankee Nuclear Power Station, liquefied petroleum gas (propane gas) sites, and electric and gas transmission and distribution facilities. Engineering is responsible for reviewing facility investment plans by companies in these fields and supports the Public Advocacy Division with technical analysis and expert testimony. The Engineering Division consists of a Chief Engineer, two Electrical Engineers, a Gas Engineer, and a Nuclear Engineer.

Electric Transmission and Distribution Facilities

The Engineering Division is focused on ensuring that Vermont's electric transmission and distribution systems are well planned, carefully sited consistent with environmental goals and constructed in a least-cost manner that also supports a highly reliable electric system. Engineering is charged with performing technical analyses that consider financial impact, and assuring projects plans integrate well into long range objectives. It then collaborates with the relevant utility to advance, retract, or enhance each proposal. With each evaluation, Engineering typically writes testimony, in concert with other divisions, that provides an independent recommendation to the PSB that details Department support or opposition to a particular project as required by the integrated resource planning process, pursuant to 30 V.S.A. 248. The Engineering Division works to ensure that electric grid is expanded in a manner that is consistent with the Vermont Electric Plan (<http://publicservice.vermont.gov/pub/state-plans/state-plan-electric2005.pdf>) and state laws.

Vermont System Planning Committee (VSPC)

The VSPC was created by a Public Service Board order to promote a proactive approach that better accomplishes integrated resource planning mandates by addressing long term reliability issues as early as possible through a broad stakeholder process. VSPC members include representatives from each of Vermont's electric distribution and transmission utilities and three public members representing the interests of residential consumers, commercial and industrial consumers, and environmental protection respectively. The Department is among three non-voting members that participate in the VSPC.

Future electric transmission needs can be forecast. When IRP is effective, there should be adequate time to identify and integrate cost effective alternatives to construction of high voltage transmission lines into reliability planning. The VSPC facilitates fair and timely consideration of cost-effective non-transmission alternatives, such as generation and demand side management, to new transmission projects. The VSPC increases collaboration among utilities, lengthens the planning horizon to be sure there is time to fully consider all alternatives, increases transparency of the process, and involves the public in decisions about alternatives. Engineering coordinates with the Planning and Energy Resources Division and participates in the VSPC meetings activities.

Energy Loss Savings

The Engineering Division supports system planning and enhanced distribution operation that results in the reduction of energy line-losses throughout Vermont's transmission and distribution infrastructure. Various complementary studies including system measurement and modeling, voltage and frequency analysis as well as financial analysis are merged and when completed, provide utilities with a blueprint for upgrading their systems

in a reliable manner that generates operating efficiencies. Engineering provides technical advice to the utilities engaged in these studies. It also provides oversight to confirm that completed studies produce results that are consistent with regulatory mandates. A prime goal of this engineering review is to identify cost-effective transmission and distribution system improvements that capture energy loss savings. These studies have found significant gains in reliability, power quality, and safety.

Electric Transmission and Distribution System Reliability

The Engineering Division monitors the reliability of facilities that deliver electricity to Vermont consumers. Facilities operated by the Vermont Electric Power Company (VELCO) transmit high voltage (eg., 345 kV, 230 kV and 115 kV) bulk power in and around Vermont. Distribution companies receive power at substations and then distribute it at lower voltages (eg., 46 kV down to 12.5 kV) to its customers. Transmission structures are larger and more rugged than their distribution cousins that are subject to failures caused by vehicle collisions, falling tree limbs and the ever present squirrel.

Reliable delivery of electricity is critical to the safety, health, and economic well-being of Vermonters. To promote positive change, the Department worked with each electric utility to set minimum expected reliability goals. Uniform statewide standards for electric system reliability measurement and reporting were also established. Uniform measurement and reporting allows for the evaluation of reliability trends, enhances meaningful comparisons of reliability among utilities, and provides information valuable to improved facility designs. Today, each electric utility has a Service Quality and Reliability Plans (SQRP) that is directed at improving performance. If SQRP targets are not achieved, a failure analysis and system assessment is followed by system upgrades and corrective measures. Failing to meet stated goals can also result in sanctions. These reliability goals are set for a given calendar year and measured using the rules codified in Public Service Board Rule No. 4.900. The 20 Vermont electric utilities in aggregate met their reliability targets approximately 70% of the time from 2006 – 2010, with some meeting their targets every year, and a few falling short most years (in many cases due to severe weather). The Engineering Division works with the utilities as necessary to help improve reliability. Rule 4.900 allows the utilities to exclude from reliability indices those major storms meeting specific criteria.

Transmission outages are more critical than distribution outages because they impact the backbone of the electric system, while distribution typically affects fewer customers. To address problems that could arise from the loss of these critical transmission components, VELCO has identified and studied its major contingencies and the consequences of outages to critical facilities. Contingency plans are in place that identify steps that could be taken in the event of a catastrophic loss of a major piece of equipment. VELCO has rapid response plans in place against major contingencies and Engineering regularly trains and practices with VELCO staff to gauge the effectiveness of the plans.

VELCO has also undertaken significant capital upgrades in the past several years to serve growing electric load in Northwest Vermont. These upgrades include construction of a high voltage lines between West Rutland and Burlington, Duxbury and Stowe, and Vernon and Cavendish. VELCO has also installed capacitors and new transformers in critical substations, integrated portions of the Vermont Electric Cooperative transmission system into the VELCO system, and installed in Essex a static compensator - a complex solid state device that provides critical voltage support to the transmission system in the event of an unexpected loss of a transmission line.

VELCO, together with the Burlington Electric Department and Green Mountain Power Corporation, also evaluated options to address reliability concerns within the Chittenden County area as loads continue to grow.

Among the options considered were upgrades to existing lines, the addition of new, higher voltage lines within existing corridors, conservation, and strategically placed generation. The Department closely monitored these developments and collaborated with Burlington Electric Department and Green Mountain Power Corporation to ensure that the plans developed to reliably serve growing loads in Chittenden County were the least-cost solution available.

High speed communications and data transfer is becoming a critical element of electric grid operations. The SmartGrid is essentially the integration of a communication overlay into the grid. The benefits of being able to better manage the system based on instantaneous feedback and the promise of providing consumers custom services based on their needs is very exciting. VELCO is currently installing a state-wide radio network, and a state-wide fiber network to aid utility communications and the ability to remotely control devices on the transmission and distribution networks. The Engineering Division is also working with distribution utilities in Vermont to implement Advanced Metering Infrastructure (AMI) and Distribution Automation (DA). AMI and DA are components of SmartGrid. The benefits associated with these modules include increased efficiency of utility operations through remote activation of various services, precise and instantaneous data relating to utility system parameters improves system control, managing peak demand can defer or eliminate transmission or distribution upgrades, and reduced outage durations result in better customer service and improved reliability.

Homeland Security and State Emergency Operations Plan

Protecting the safety and security of Vermont's utility infrastructure is a priority of the Department of Public Service. The Vermont Homeland Security Unit of the State Police is the lead agency during an act of terrorism crisis in Vermont. The mission of the Homeland Security Unit is to enhance public safety by promoting a coordinated terrorism response among Vermont's emergency response agencies. This unit has developed the First Responder Plan to an Act of Terrorism in Vermont. This plan details first response guidelines and operational plans for local, regional and state level response agencies.

The Department of Public Service was asked by the Homeland Security Unit to assist in coordinating and directing the utilities' efforts for homeland security. A primary task the Department undertook was the coordination of emergency communications capabilities among the utilities in the event of an incident. Engineering accomplished this by integrating the existing VELCO emergency communications system to accommodate the additional needs necessary for homeland security. The Department continues to conduct periodic meetings to review security issues and to promote cooperation among the utilities and the Homeland Security Unit.

An important outgrowth of this effort has been the increased coordination between the Department and Vermont Emergency Management with regard to emergency preparedness. Specifically, advanced coordination now regularly takes place in advance of severe weather events that are likely to impact the state. A clear benefit is better deployment of assets to speed system recovery.

The Department is the lead agency for State Support Function 12 (Energy) of the State Emergency Operations Plan (SEOP). The Engineering Division staffs the State Emergency Operations Center (EOC) during real-world emergencies (i.e., weather events that cause wide-spread power outages) and during regularly-scheduled emergency exercises. Engineering also participates in periodic Vermont Yankee emergency exercises, and would staff the SEOC and the Emergency Operations Facility (in Brattleboro) if there were an actual emergency at Vermont Yankee.

New England Regional Transmission Operator (ISO-NE)

ISO-NE is the control area operator for the New England electric pool. ISO-NE has operating responsibility for both the operation of the grid and the electric marketplace that serves over 6 million electric customers in a \$10B market. The ISO is responsible for the reliable operation of the high voltage transmission grid in New England and for overseeing the development of a robust, competitive wholesale electric market in New England. Energy market activities in New England have a direct and immediate bearing on consumers in Vermont. To assure the highest level of system operations, VELCO became the designated LCC (local control center operator) in 2006. Both the ISO and VELCO follow the national electric reliability criteria as determined by Northeast Reliability Council, which became mandatory with the passage of the EPACT 2005. The Engineering Division monitors and intervenes in regional energy initiatives on behalf of Vermonters through participation and membership in a number of regional organizations including.

During the biennial periods, the Engineering Division provided support to NESCOE (New England States Committee on Electricity) activities as envisioned by the New England Governors' Conference. This work is focused on assuring resource adequacy through thoughtful system expansion. Numerous industry technical committees forecast and plan system growth while the Division monitors projects to assure expenses remain reasonable and commensurate with needs. One of these committees PAC (Participants Advisory Committee) publishes the annual Regional System Plan (RSP). It is developed in a collaborative manner and maintained by the ISO-NE for all participants. This work product is widely regarded as the definitive document on electric transmission planning and VT utilities are subject to its determinations. Of significance, this document during the biennial has recognized fuel diversity, energy efficiency and demand response as critical issues and is addressing them proactively in developing long term energy delivery solution. Most recently, Engineering successfully promoted the inclusion of NTA's (non transmission alternatives) as an appropriate response to addressing the requirements of the ISO Needs Assessment. VT has been selected as the pilot study area for this effort.

The Department participates in ISO-NE's regional meetings that determine the character of our electric markets and shapes our transmission grid. FERC continues to influence competitive markets and requires ISO to make a wide range of compliance filings to implement national policy. Currently FERC orders that favor more equitably treatment of demand resources in the market, and mandates to provide additional transparency to stakeholders are being integrated into the market rules. The Engineering Division helps coordinate state policy objectives with the VT PSB and other NECPUC members in response to market activities.

Inter-Area Planning Stakeholder Advisory Committee Meeting (IPSAC)

In addition to New England area planning, the Division also supports interregional planning efforts such as IPSAC (Inter-Area Planning Stakeholder Advisory Committee) that studies transmission issues among the PJM, NYISO and ISO-NE. This is a major activity influencing transmission matters and regional seams issues in particular. <http://www.interiso.com/default.cfm> The Department has encouraged ISO-NE to focus on correcting the seams issues and eliminating artificial barriers that restrict competitive transactions between transmission grids. Recently, FERC has expressed interest in accelerating resolution of legacy barriers related to interconnections. One response has been an initiative to improve the effectiveness of economic dispatch between New York and New England. Presently, price signals across the interties are not optimized for parochial reasons.

The NICE (Northeast International Committee on Electricity) serves a similar purpose with a focus among New England and the adjacent Canadian Provinces. A new initiative was formed in 2009 to address even broader planning issues related to the development of remote renewable power sources such as wind power from the

upper Midwest. This effort – the EIPC (Eastern Interconnect Planning Collaborative) has engaged stakeholders about system needs related to importing renewable energy.

EIPC includes 40 state and Ontario, Canada representatives. The overall study approach involves a) building scenarios to be studied; b) creating a system model that encompasses the entire Eastern Interconnection (from ME to TX, and FL to MT); c) running the model and interpreting the results based on appropriate sensitivities; d) selecting the best representations and running full cost models to assess the impacts of “mega” wind and transmission projects; and then e) develop policy recommendations based on results. Throughout the project, the importance of considering local impacts has been in the forefront.

New York Power Authority (NYPA) Hydropower

The Department is the designated negotiating agent for the purchase of low cost hydropower from NYPA’s St. Lawrence and Niagara projects. Both projects were successfully relicensed by NYPA and VT negotiated long term power contracts that assure cost-of service rates will be preserved for VT’s preference customers. The respective contract durations are: Niagara contract Sept. 1, 2007 – September 1, 2025 and St. Lawrence Nov. 1, 2003 – April 30, 2017. DPS and the other Outside State Agents (OSA) were successful in retaining an 8.5% share of the output of St Lawrence project and 10% of the Niagara project

Presently, Vermont receives about 12.8 MW of base power (1.4% of statewide daily peak load) from the St. Lawrence and Niagara power facilities in NY. An additional 2.5 MW of firm peaking power is available from Niagara which can be scheduled for delivery at anytime. In all, the State gets 15.3 MW from NYPA. The allocation for New York Power Authority’s Niagara power is based on residential and rural customer count of municipalities, cooperatives and public bodies which are referred to as preference customers. The St. Lawrence portion of power is allocated to participating states based on total state population; this power is distributed to all the Vermont electric utilities

A major rate case was deferred in 2009 due to unstable economic conditions in the Northeast. A new case will likely be introduced by NYPA in 2011. The DPS plans to intervene.

Nuclear Power

The Engineering Division performs on-site monitoring at Vermont Yankee Nuclear Power Station (VY) and participates in emergency preparedness exercises. Engineering is the primary contact between the U.S. Nuclear Regulatory Commission (NRC) and the state concerning nuclear plant safety issues. Engineering coordinates with other state agencies including Health and Emergency Management during emergent conditions. Activities at Vermont Yankee are monitored, and the administration and the legislature are kept informed of important events at this nuclear facility.

The State Nuclear Engineer provides technical support regarding the generation of low-level radioactive waste to the Vermont representatives on the Texas Low-level Waste Disposal Compact Commission. The Division also provides staff support to the Vermont State Nuclear Advisory Panel (VSNAP). (See Section 2.G. for more information on nuclear power.)

Engineering is also an active participant in the Nuclear Waste Strategy Coalition, a national consortium working toward a safe and effective national solution for the disposal of spent nuclear fuel, and participates on the Northeast High-Level Radioactive Waste Transportation Task Force, a regional group established by U.S. Department of Energy (DOE).

Natural Gas and Propane

The Engineering Division monitors all gas safety activities in the state in its role as Program Manager for the federal pipeline inspection program. The program has jurisdiction over all natural gas and jurisdictional propane distribution and transmission operators. Engineering is responsible for maintaining a certification agreement between the U.S. Department of Transportation and the State of Vermont. Under this agreement, the Vermont Public Service Department acts as the agent of the DOT, and administers a program which includes enforcement of federal and state gas safety regulations, analysis of gas pipeline safety issues and coordination of gas safety information related to the gas industry in Vermont.

Engineering inspects specific gas pipeline facilities and the companies operating them to determine compliance with the appropriate regulations and company procedures related to safety and pipeline system integrity. The Division frequently interfaces with gas pipeline company management and support personnel responsible for performing design, construction, operation, maintenance and emergency response. The Division investigates gas pipeline related emergencies, leak incidents and unusual conditions to analyze and address emergent safety and gas pipeline facility integrity issues. The Engineering Division provides safety and operational advice to the Department of Public Service, implements training programs and disseminates safety advisories to educate gas pipeline operators, legislators and the public. When enforcement actions are initiated due to violations of safety code, they are often initiated by Engineering.

Engineering also works with other state agencies - State Police, Emergency Management and Fire Marshals, to provide training, technical advice, inspection and enforcement assistance and incident investigation related to gas safety. Pipeline security has become a focus of the U.S. Office of Homeland Security.

Underground Utilities Damage Prevention

To better ensure reliable utility, telecommunication and cable television service to Vermont consumers, VT has legislation that enacts a strong underground utilities damage prevention program – known as Dig Safe. The Engineering Division administers the Dig Safe Program by performing training, timely communication, and enforcement. The majority of damage to underground utilities, such as electricity, gas and communication lines, occurs during excavation activities. During the period of 7/1/06 through 6/30/10, the DPS received 741 reports of damage to underground facilities. Damaged facilities often result in service outages that affect business, are expensive to repair and are a serious risk to public safety. Vermont law assigns damage prevention responsibilities to many parties, including facility operators, locators and excavators. Damage often results from the failure by responsible parties to fully or effectively carry out their obligations. Engineering has the responsibility to investigate each incident and determine the appropriate corrective actions to be taken to assure the requirements of the “Vermont Dig Safe Law” are met. Engineering also supports national dig safe initiatives such as Dig Safely Month campaigns sponsored by the Common Ground Alliance. Engineering has received special damage prevention grants and partnered with UVM and Norwich University who helped performed self assessments of the VT program. The grants included performing participant surveys; evaluating the program vis-à-vis a federal benchmark; preparing a gap analysis and then targeting specific for correction and outreach.

E. Finance, Economics and Business Administration Division

Tariff Filings

The Finance, Economics and Business Administration Division is responsible for the initial review and recommendations regarding tariff filings and the preparation and presentation of financial testimony before the PSB, as well as other regulatory jurisdictions. The Finance, Economics and Business Administration Division also conducts financial analysis and prepares cost reports and other economic and financial reports for internal and external use by decision makers. The Division also handles sales of electricity as authorized under 30 V.S.A. §§211 and 212. In FY 2007 the state's regulated utilities made 177 tariff filings: 87 in FY 2008; 79 in FY 2009; and 82 in FY 2010 which the Division reviewed

Special Contracts

When an electric, gas, water or telecommunications customer requires special products or services that are not covered under a current, approved rate or tariff, Vermont statutes (30 V.S.A. §229) authorize the PSB to approve "special contracts" between the customer and the company that are not generally available to other customers or the general public. The Finance, Economics and Business Administration Division coordinates the Department's review of all special contracts between a utility and a customer.

During fiscal year 2007, 17 special contracts were reviewed by the Division; 7 were electric contracts, 5 were gas contracts, 5 were for telecommunications services. During the 2008 fiscal year, 16 special contracts were submitted by the utilities for review by the Division. The breakdown was 9 electric contracts, 1 gas contracts, and 6 telecommunications service contracts. In calendar year 2009 the Division reviewed 32 special contracts and in calendar year 2010, 44 special contracts. The PSB adopted a policy beginning in 2008, to minimize the number of "special contracts" and requested Vermont utilities to offer those products and services under a general tariff where they would be available to all customers whenever possible.

Power Sales

The Department purchases low priced hydro power from the New York Power Authority's (NYPA) St. Lawrence and Niagara projects and resells it to the state's distribution utilities at below wholesale market prices on a non-profit basis. Under the St. Lawrence program, Vermont has been allocated up to 1 Mw that is sold to all Vermont utilities. Under the Niagara program, Vermont has been allocated up to 14.3 Mw that is sold to Vermont cooperatives and municipal electric utilities. With these capacity allocations the DPS has purchased and resold on a non-profit basis the following kWh from 2007 through 2010:

Table 1-9 New York Power Authority's (NYPA) Purchases

Year	St. Lawrence-kWh	Niagara-kWh	Total-kWh
2007	7,969,000	68,293,000	76,262,000
2008	10,067,000	106,407,000	116,474,000
2009	8,658,000	98,489,000	107,147,000
2010	9,888,000	80,282,000	90,170,000
<i>Resold to</i>	<i>All Vermont utilities</i>	<i>Muni's and coop's only</i>	

When available, the Department also buys interruptible power from NYPA that is in addition to the purchases shown above that is resold at below wholesale market prices on a non-profit basis to Vermont electric utilities.

Gross Revenue Tax

By statute, each person, partnership, association, and private or Municipal Corporation conducting a business subject to the supervision of the Department of Public Service and the Public Service Board must pay an annual tax on its gross revenues to fund the operation of the Department and Board. The same tax rates have been in effect over the five year period covered by this report and are shown in the following table

Table 1-10 Gross Revenue Tax Rates, FY10-FY11

Type of Company	Electric	Telephone	Gas	Water	Cable TV	Customer Owned Coin Operated Telephone Companies	For All Other Companies (i.e. sewer)
FY10-FY11	0.005	0.0050 (or \$500 if greater)	0.003	0.0010 (or \$5.00 if greater)	0.0050 (or \$25.00 if greater)	Customer-owned, coin-operated telephones with total annual revenues of less than \$5000, the choice of either .0050 of gross operating revenue from telephone revenues or the amount of \$20.00	0.001

DPS Financial Summary

Table 1.3 provides an overview of the Department's sources of income and expenditures for fiscal years 2007 through 2010

Table 1—13 Department Of Public Service Financial Summary

	Public Service Departmental Approp - less CEDF & ARRA				Clean Energy Development Fund - 21991			ARRA - 22040	Fuel Efficiency
	FY2007	FY2008	FY2009	FY2010	FY2008	FY2009	FY2010	FY2010	FY2010
INCOME									
Cash Balance Brought Forward	886,613	966,970	1,089,753	863,158	-	5,002,512	5,278,454	-	-
Adjustment to Carry Forward*									
Gross Revenue Tax Receipts	3,787,893	4,033,081	4,198,261	4,287,159					
Reimbursement by:									
Administration of Power	16,582	17,075	28,188	-					
Federal Grants	916,751	954,174	636,624	515,443				245,414	
Rate Case Reimbursement	658,618	1,200,781	3,902,905	1,323,269					
Sale of Service									
Miscellaneous Receipts									
Low-level Radioactive Waste Compact Fund	10,057	23,213	31,468	2,702,975					
Anticipated Receipts									
Interest Income	584	412	141	6,449					
Fuel Efficiency									2,791,319
Special Assessment					6,543,325	6,861,303	4,368,116		
Loan Interest							15,947		
Loan Repayments							51,474		
Other Revenues							2,031		
Total Funds Available	6,277,098	7,195,704	9,887,340	9,698,453	6,543,325	11,863,815	9,716,022	245,414	2,791,319
Finance Adjustment									
EXPENDITURES									
Personal Services	4,229,851	4,858,437	7,584,186	5,697,868	522,892	1,225,983	1,687,233	181,794	296,971
Operating	523,437	668,657	492,801	3,069,061	33,585	8,940	52,965	7,111	
Grants	556,840	492,847	368,846	64,998	984,335	3,883,765	3,172,394	178,882	
Other						100,000			
Total Disbursements	5,310,128	6,019,941	8,445,833	8,831,927	1,540,813	5,218,689	4,912,591	367,787	296,971
Total Transfers (to General Fund, etc.)	-	86,010	578,349	402,000	-	1,366,673	-	-	-
Ending Balance	\$966,970	\$1,089,753	\$863,158	\$464,526	\$5,002,512	\$5,278,454	\$4,803,431	-\$122,374	\$2,494,348

* Reflects Changes due to conversion to VISION Accounting System

2. Electric Utilities

A. New Issues and Developments

Legislative Action

Federal Legislation:

The Energy Policy Act of 2005 (EPACT) was the first major piece of federal energy legislation since 1992. EPACT endeavored to provide consumers with reliable, low cost service, while attempting to reduce the nation's dependence on fossil fuels. The primary avenue contemplated for affecting change was through production tax credits and incentives for research and development. They were offered for nearly every source of electrical energy, including efficiency.¹⁵ In addition, EPACT emphasized the Federal Energy Regulatory Commission's (FERC) authority to site infrastructure, particularly electric transmission lines and Liquefied Natural Gas (LNG) terminals. In addition the legislation included provisions for tax incentives and credits, and research and development initiatives, of which there are many.

The EPACT provided the basis for Congress moving forward in subsequent years to create three important pieces of legislation addressing energy issues. They are the *Energy Independence and Security Act of 2007 (EISA)*, the *Emergency Economic Stabilization Act of 2008 (TARP)*, and the *American Recovery and Reinvestment Act of 2009 (ARRA)*.

Energy Independence and Security Act of 2007 (EISA)

The Energy Independence and Security Act consist mainly of provisions designed to increase energy efficiency and the availability of renewable energy. The highlights of key provisions are as follows:

- *Corporate Average Fuel Economy (CAFE)*. The law sets a target of 35 miles per gallon for the combined fleet of cars and light trucks by model year 2020.
- *Renewable Fuels Standard (RFS)*. The law sets a modified standard that starts at 9.0 billion gallons in 2008 and rises to 36 billion gallons by 2022.
- *Energy Efficiency Equipment Standards*. The adopted bill includes a variety of new standards for lighting and for residential and commercial appliance equipment. The equipment includes residential refrigerators, freezers, refrigerator-freezers, metal halide lamps, and commercial walk-in coolers and freezers.

Emergency Economic Stabilization Act of 2008 (TARP)

In addition to responding to the financial crisis in 2008 The Emergency Economic Stabilization Act of 2008 included several provisions to stimulate the growth of renewable resources and the efficient use of energy. Among the provisions are:

- Extension through 2009 the tax credit for producing electricity from wind and refined coal facilities and extends through 2010 such tax credit for other facilities, including closed and open-loop biomass, solar energy, small irrigation power, landfill gas, trash combustion, and hydropower.
- Extends through 2016 the energy tax credit for solar energy, fuel cell, and microturbine property. Allows a

¹⁵ A detailed summary of EPACT's provisions is beyond the scope of this update. For a summary of the EPACT, see the Senate Committee on Energy and Natural Resources Press Office <http://energy.senate.gov/public/files/PostConferenceBillSummary.doc>. The full text of EPACT '05 is available from Federal Energy Regulatory Commission, www.ferc.gov.

new energy tax credit for combined heat and power system property. Increases to \$1,500 the credit limitation for fuel cell property.

- Allows a new energy tax credit for 30% of expenditures for wind turbines used to generate electricity in a residence and for geothermal heat pump systems.
- Extends through 2016 the tax credit for residential energy efficient property. Eliminates the limitation on the tax credit for solar electric property. Allows a residential energy tax credit for 30% of small wind energy and geothermal heat pump property expenditures.
- Allows a new tax credit for investment in new clean renewable energy bonds for capital investment in renewable energy facilities. Extends through 2009 the authority to issue clean renewable energy bonds.

American Recovery and Reinvestment Act of 2009 (ARRA).

The American Recovery and Reinvestment Act of 2009, is an economic stimulus package to create jobs across all sectors of the economy. Over \$49 billion was earmarked for energy related issues such as:

- modernize the nation's electrical grid and smart grid.
- to increase energy efficiency in federal buildings (GSA)
- Loans and investments into green energy technology are a significant part of the final bill
- for renewable energy and electric transmission technologies loan guarantees
- weatherizing modest-income homes
- carbon capture and low emission coal research
- toward Energy Efficiency and Conservation Block Grants.[49]
- help states invest in energy efficiency and renewable energy
- manufacturing of advanced car battery (traction) systems and components.
- biofuel research, development, and demonstration projects
- support the use of energy efficient technologies in building and in industry
- training of green-jobs workers
- for electric vehicle technologies
- energy efficient appliance rebates
- million to increase energy efficiency in low-income housing
- funding for wind, hydro, and other renewable energy projects

Vermont Legislation:

During the 2007-2008 and 2009-2010 sessions, the Vermont Legislature was actively engaged in energy policy, passing five significant Acts concerning efficiency, renewable energy, and Vermont Yankee, among others. Below are summaries of the significant pieces of legislation and do not cover all aspects of a particular bill.¹⁶

2007 - 2008 Legislative Session

No. 79. An Act Relating To Establishing the Vermont Telecommunications Authority to Advance Broadband And Wireless Communications Infrastructure Throughout The State.

The act established legislative goals for the availability of broadband and mobile telecommunications services throughout the state. It provided “that all residences and businesses in all regions of the state have access to affordable

¹⁶ The entire text of each of the Acts listed below can be found at <http://www.leg.state.vt.us/ResearchMain.cfm>

broadband services not later than the end of the year 2010”; and that mobile telecommunications services, including voice and high-speed data, be available throughout the state by the end of the year 2010.

To accomplish these goals, the act established a “Vermont Telecommunications Authority” of 11 members, including state officials, public members appointed by the leaders of the General Assembly, and a chair and vice chair appointed by the legislative leaders and the governor. The Act also enabled broadband service providers to place facilities on utility poles and in state highway and rail rights-of-way. The Act revised state and local land use permitting processes applicable to structures and antennae necessary to provide both cellular phone service and wireless-based broadband service, with the objective of reducing the time and expense necessary for communications service providers to construct those facilities. The Act also was designed to facilitate provision of broadband services by municipalities or by non-municipal entities in partnership with municipalities.

The provisions of the Act are codified in - 30 V.S.A. §§ 8060-78; 1010(a); 517; 209(g); 2513; 2502; 248(n); 248a; 227d; 24 V.S.A. §§ 1911-14; 1789; 2291; 4416(6), (8), (9); 4414; 5 V.S.A. § 3431; 19 V.S.A. § 26a; and 10 V.S.A. §§ 6001c; 6001(26).

No. 92. An Act Relating To the Vermont Energy Efficiency and Affordability Act.

This Act made clear that the agricultural economic development special account would be available for wind, solar, or other technology that consumes a resource at or below its natural regeneration rate. It amended the Act 250 definition of farming, an exempt activity, to include on-site storage, preparation, production, and sale of energy from agricultural waste or products produced off the farm, as long as 51 percent is from on-farm feedstock.

The Act made it a state goal to produce 25 percent of energy consumed in VT from renewable sources, particularly from farms and forests, by 2025. The Act established building efficiency goals, which are: (1) to improve 20 percent of housing by 2017 (more than 60,000 units), and to improve 25 percent of housing by 2020 (about 80,000 units); (2) to reduce fuel needs by 25 percent in units served; (3) to reduce fossil fuel consumption across all buildings by one-half percent per year, leading to reductions of six percent annually by 2017, and 10 percent annually by 2025; (4) to save \$1.5 billion on fuel bills through improvements installed between 2008 and 2017.

The Act required the commissioner of the Department to revise the residential building energy standards (RBES) and the commercial building energy standards (CBES) after pertinent parts of the international energy conservation code (IECC) are updated. The Department has adopted revised RBES and will be adopting in 2011 revised CBES consistent with the Act.

The Act required the public service board to continue its investigation of opportunities for electric utilities to install smart metering so as to allow users to respond cost-effectively to price signals. The Act as codified in 30 V.S.A. § 203a, established the fuel efficiency fund to be administered by a fund administrator appointed by the public service board, to contain appropriations, and revenues from the sale of Regional Greenhouse Gas Initiative (RGGI) credits. It provided that the fund could be used to support delivery of energy efficiency services to heating and process consumers by providers

In modifications to 30 V.S.A. § 235, the Act established the heating and process fuel efficiency program. The Department after consultation with stakeholders was to develop an efficiency program and select service providers to implement the program by means of performance-based contracts. The programs were to produce whole building efficiency, facilitate appropriate fuel switching, and promote coordination with electric efficiency programs and other programs. This task was completed by the Department.

The Act revised statutes underlying the existing efficiency entity in a number of ways, requiring the Department to investigate expanding efficiency programs of gas utilities and make recommendations to the board. This was completed. It provided that the appointment of the efficiency utility could be by contract or order of appointment, and gave the Board powers over the entity. Subsequently the Board, after a lengthy proceeding, issued orders of appointment.

The Act required the Public Service Board to continue its investigations of residential inclining block rate designs, alternative rate designs to encourage efficient use of energy; and appropriate exemptions for special needs or extraordinary situations. The Board issued a report and plan for implementation after an investigation. The Act allowed the Board to issue an order that provides reduced rates for low income electric utility consumers, with a low income electric utility consumer being defined as a customer with a household income of 150 percent or less of the current federal poverty level. That provision of the Act resulted in Docket 7535 in which a low-income program has been investigated by the Board.

The Act made revisions to the net metering law, raising the existing cap on non-farm net metering systems to 150 kw capacity; allowing qualified micro-combined heat and power systems of 20 kw or less that meet air quality standards; increasing the maximum size of “farm system” from 150 to 250 kw; allowing use of “group net metering systems” subject to various provisions controlling use of farm systems; limiting net metering systems to customers within the service area of the same electric company; allowing multiple buildings of a municipality to qualify. and granting the public service board the authority to allow noncontiguous groups. It also increases a company’s system cap regarding how much net metered power it must accept, from one percent up to two percent of company’s peak demand in 1996

The Act also required the Board to create a rule or order governing application, issuance, and revocation of a certificate of public good (CPG) for temporary meteorological stations. The act allowed the Board to waive section 248 requirements that were not applicable to meteorological stations, but did not allow it to waive review of construction effects on aesthetics, historic sites, air and water purity, natural environment, and public health and safety. The Board has made these revision via changes to its rules.

The Act required the Board to create a standard contract price or a set of maximum and minimum provisions, or both, for qualifying SPEED resources over 1 MW of capacity. In setting a standard contract price, the Board was to consider the goal of developing qualified SPEED resources, least cost analysis, and the impact on electric rates. The Board complied with the Act.

The Act provided that the home weatherization assistance trust fund could be used only to support programs authorized under the weatherization assistance program chapter. Various changes were made to the program.

The provisions of the Act are codified in; 6 V.S.A. § 4710(g)(3); 10 V.S.A. §§ 6001(22); 579; 581; 6523(d)(6); 21 V.S.A. §§ 266(c); 268; 26 V.S.A. § 2173; 30 V.S.A. §§ 203a; 209(d), (e); 218(b), (e); 219a; 235; 246; 255; 8002(4); 8003; 8004(e); 8005; 32 V.S.A. §§ 3845; 5401(10)(J); 5402c; 5822(c),(b); 5930z; and 33 V.S.A. §§ 2501(c); 2502; 2503(h);.

No. 93. An Act Relating To the Sale of Real Property Or Transmissions Facilities By Certain Regulated Generators of Electricity

The Act required public service board consent to the sale or lease of real property by a company owning or operating a generating plant in this state with a capacity of 80 megawatts or more, if the sale or lease is of real property or transmission facilities located at the plant that are or may be required to generate electricity, interconnect generation facilities with transmission facilities, or transmit electricity from the plant. It also provided that owners of transmission facilities capable of operating at 100 kilovolts or greater may sell or lease certain equipment only upon receipt of a certificate of consent from the Board. The provisions of the Act are codified in 30 V.S.A. § 109.

No. 95. An Act Relating To Small Eligible Telecommunications Carriers

This Act amended the statute allowing for the deregulation of small telecommunications carriers and repealed the sunset of the statute which was to take place in December, 2008. E-911 services, switched or dedicated access to local exchange by providers of long distance telephone service, and rates for utility pole attachments wer not deregulated. The carrier cannot increase the price of basic exchange telecommunications service during the first year following the carrier’s exemption from regulation, may increase the price by no more than nine percent or \$1.50, whichever is less, during the second and third years, and by no more than 11 percent or \$2.00, whichever is less during the fourth and fifth years. The provisions of the Act are codified in **30 V.S.A. § 227d.**

No. 131. An Act Relating To The Role Of Electric And Gas Utilities In Facilitating The Deployment Of Communications Facilities Throughout The State.

The Act establishes certain procedures and rules to promote the use of existing electric and gas utilities' infrastructure, networks, and easement rights by communications service providers in order to improve and increase access to mobile telecommunications and broadband services for all underserved Vermont households and businesses. The Act required gas and electric utilities to allow access to their plant, equipment, lines or structures so that communications service providers may install and maintain communications services. The Act also required electric and gas utilities to provide notice of transmission projects or construction plans in certain circumstances to the Vermont Telecommunications Authority, and to first solicit proposals from commercial wireless service providers for the installation of two-way point-to-multipoint mobile wireless communications networks. Finally, the Act established certain procedures and presumptions in favor of streamlining the condemnation of property or other easement rights over property upon which a currently existing utility line is located. The provisions of the Act are codified in 30 V.S.A. §§ 8090-96; 110a; 111a.

No. 145. An Act Relating To The Vermont Dig Safe Program And The Federal Gas Pipeline Safety Program.

The Act amended several provisions of the "Dig Safe" program. The Act exempted from the definition of "excavation activities" home gardening with hand tools, and the commercial use of hand tools to locate a company's facilities. The Act also added new definitions and created parameters for how long notice of excavation activities at an excavation site will remain valid. Finally, the Act amended the penalty provisions for both the Dig Safe Program and the Gas Pipeline Safety Program. The provisions of the Act are codified in 30 V.S.A §§ 7001; 7004(e); 7006b; 7008; 2816(a); 7004(d)(2) (repeal).

No. 189. An Act Relating To A Comprehensive Vertical Audit And Reliability Assessment Of The Vermont Yankee Nuclear Facility

Act 189 provided for a comprehensive independent and public assessment of the reliability of the systems, structures, and components of the Entergy Nuclear Vermont Yankee facility in order to inform the general assembly in making its determination whether the facility should operate in the state beyond the expiration of its current operating license on March 21, 2012.

The Act required a physical and documentation examination of at least seven whole plant systems identified in the Act, outlined specific audit inquiries to be addressed with respect to each system, and directed that a vertical/horizontal inspection methodology and work plan be employed in the assessment.

The comprehensive reliability assessment was to be conducted by an audit inspection team of independent consultants, experts, and technicians selected by the Department and a public oversight panel was created to oversee the conduct of the comprehensive reliability assessment and to consult with the Department on the selection of the audit inspection team and on the time-frame, work plan, and methodology of the assessment.

This assessment was completed in 2009 with a Supplemental Assessment completed in 2010.

No. 209. An Act Relating To Energy Independence and Economic Prosperity.

The Act amended the administrative rulemaking process by requiring that the economic impact statement that must be developed during rulemaking include a greenhouse gas impact statement that explains how the rule will reduce the extent to which greenhouse gases are emitted. The Act required the state agency energy plan for state government to provide, where feasible, for the installation of renewable energy systems.

The Act required the Secretary of Agriculture, Food and Markets to provide data and funding recommendations on a number of issues to the Vermont Climate Change Oversight Committee and also created the committee. The committee is described as a collaboration between state government and the state's higher education, business,

agriculture, labor, and environmental communities. The primary mission of the committee is to consider the recommendations of the governor's commission on climate change and its plenary group and the recommendations of the Vermont council on rural development and to delegate and oversee program development by appropriate working groups.

The Act defined greenhouse gasses and required the Secretary of ANR to work, in conjunction with other states or a regional consortium, to establish a periodic and consistent inventory of greenhouse gas emissions. It required the Secretary to publish an inventory and forecast by June 1, 2010, with updates annually. The Act required the Secretary to forecast emissions for a five- and ten-year period based on publicly available information. It required the Secretary to work with other states or a regional consortium in order to build a regional or national greenhouse gas registry.

The Act required revisions to the mission statement of the Agency of Transportation (AOT) to coordinate and integrate all modes of transportation. It required the agency to coordinate planning and education efforts to: (1) assure the integration of the transportation system as a whole, of access to the transportation system, and of conservation and efficiency opportunities; and (2) support employer- or government-led conservation, efficiency, rideshare and bicycle programs, and other innovative transportation advances. The Act also required that rail service be integrated into the state's transportation network as a whole. It declared it to be policy of the state to maintain and improve intercity bus and rail, freight, and commuter rail services, and necessary intermodal connections, and to increase the efficiency of equipment and the extent which equipment selection and operation can limit or avoid the emission of greenhouse gases. The Act made it state policy that highway shoulders should be safer for pedestrian traffic.

The Act makes it a goal of the Electrical Energy Plan to assure by 2028 that at least 60 MW of power are generated within the state by combined heat and power (CHP) facilities powered by renewable fuels or by non-qualifying SPEED resources. It requires the plan to include incentives for development of CHP and strategies to identify locations suitable for CHP and to ensure consideration of CHP during any process related to the expansion of natural gas services.

The provisions of the Act are codified in 3 V.S.A. §§ 838(c); 2291(c); 6 V.S.A. § 1; 10 V.S.A. §§ 552; 578; 580; 1278(a); 6604(a); 19 V.S.A. §§ 10b; 10e; 10f; 2310; 24 V.S.A. §4414; 30 V.S.A. §§ 202(i); 218c(a); 255(f); and 33 V.S.A. § 2502(b).

2009 - 2010 Legislative Session

No. 37. An act relating to encouraging biomass energy production. (H.152)

This Act established a biomass energy development working group to enhance biomass energy production in the state while maintaining forest health. The working group was required to analyze current issues in the biomass industry and make recommendations addressing incentives for the biomass industry, biomass harvesting guidelines, and biomass procurement standards. The working group was to issue two interim reports and one final report to the general assembly addressing its recommendations for biomass energy production in the state.

The provisions of the Act are codified in 30 V.S.A. §§ *8002-05; 218; 248(o); 202a; *209; *8100-05; 10 V.S.A. § *6523; 3 V.S.A. § *2840; 32 V.S.A. §§ 2822(d); 5930z; 21 V.S.A. §§ 266; 268-69; 24 V.S.A. § 2291a; 4413(g); 1751(3); 3252; *3261-69; 4592 and 27 V.S.A. § 544.

No. 45. The Vermont Energy Act of 2009. (H.446)

This Act amended the existing Sustainably Priced Energy Enterprise or "SPEED" program to require the public service board (PSB) to issue standard offers for renewable energy plants sited in Vermont. The key provisions of the standard offer were as follows:

- Required the PSB to implement the standard offer through the SPEED facilitator.

- Required the PSB to put a standard offer program for renewable plants in effect by September 30, 2009.
- Sets the term of a standard offer contract at 10-20 years, except that contracts for solar power would be for 10-25 years.
- Capped each standard offer plant at 2.2 MW and the total capacity allowed for all standard offer plants at 50 MW.
- Established four criteria for determining a cost-based price to be paid under the standard offer: (1) set generic costs for each category of renewable energy, (2) subtract a generic assumption reflecting reasonably available tax credits and other incentives (e.g., grants), (3) add a rate of return for the plant owner on its capital investment equal to the highest rate of return paid to a Vermont utility, and (4) make an adjustment up or down if needed to provide a sufficient incentive for rapid development of renewable energy.
- Established an initial set of prices and requires that the PSB review them before they go into effect on September 30, 2009. The PSB was to conduct an informal review by September 15, 2009 of the initial prices to see if they represent a reasonable approximation of the price that would be paid using the act's pricing criteria and is to set an interim price if it concludes the prices do not constitute such a reasonable approximation.
- Required the PSB to set prices based on a full analysis under the act's pricing criteria no later than January 15, 2010.
- Provided that the PSB shall reevaluate the cost-based prices at least every two years starting in 2012.
- Required all Vermont utilities to purchase the power generated by the plants that accept the standard offer, with the costs distributed pro rata according to a utility's share of retail electric sales.
- Requires the PSB, starting in 2011 and every two years afterward, to report on the standard offer program.

All of these requirements have been met through Docket 7533.

The Act allowed for recovery of prudently incurred permitting costs for renewable energy projects, whether or not the permit is granted; and the PSB may grant such utilities a reasonable incentive on their capital investment in renewable energy projects. The project be sited in Vermont to take advantage of this provision. To date only one utility has used this section.

The Act also provided direction to wind developers in seeking a certificate of public good from the Board. Provisions also addressed ANR's policies on siting wind projects on state lands.

The Act enacted a three-year pilot project for a self-managed energy efficiency program for very large transmission and industrial ratepayers. This section was amended in 2011 (Act 47) to make this a permanent program rather than a pilot

The provisions of the Act are codified in 30 V.S.A. §§ *8002-05; 218; 248(o); 202a; *209; *8100-05; 10 V.S.A. § *6523; 3 V.S.A. § *2840; 32 V.S.A. §§ 2822(d); 5930z; 21 V.S.A. §§ 266; 268-69; 24 V.S.A. § 2291a; 4413(g); 1751(3); 3252; *3261-69; 4592 and 27 V.S.A. § 544.

No. 54. The Vermont Recovery and Reinvestment Act of 2009. (H.313)

This Act established numerous programs and policies designed to foster economic development in Vermont, particularly with regard to the use of stimulus monies made available to the state through the federal American Recovery and Reinvestment Act of 2009 (ARRA), Pub.L. No. 111-5. Among other things, the act addressed oversight of stimulus efforts; long-term economic planning; establishment and funding of programs designed to stimulate the economy; and changes to existing state programs to facilitate projects funded with federal dollars.

No. 88. An act relating to fuel assistance. (H.456)

This Act revised the statute governing the fuel assistance program funded with federal Low Income Home Energy Assistance Program (LIHEAP) monies. The two major substantive changes to the seasonal fuel program were to the

eligibility test and to the exception from a certification process for firewood and wood-pellet supplier. The provisions of the Act are codified in 33 V.S.A. §§ 2601; 2603-07; 2609.

No. 136. An act relating to growth center designations and appeals of such designations. (S.64)

This Act made changes to the existing process for designating growth centers under 24 V.S.A. chapter 76A (the downtown chapter) and to the board that makes those designations. The relevant section affecting utilities is Sec. 5 that requires the PSB to convene a workshop by November 1, 2010, and the Department to report to committees of jurisdiction by December 15, 2010, on the issue of who pays for burying utility lines in areas designated under the downtown development chapter. The provisions of the Act are codified in 24 V.S.A. §§ 2791-92; 2793c; 2793d

No. 159. An act relating to renewable energy. (H.781)

This Act contained a wide variety of provisions concerning renewable energy including but not limited to:

- Allowed net metering for renewable energy plants of 2.2 megawatts (MW) or less installed by the National Guard or state military department.
- Addressed existing farm methane plants by including them in the standard offer program.
- Addressed simplified procedures for permitting and interconnection to the utility grid of small renewable energy plants.
- Amended the law regarding business solar energy tax credits.
- Removes language from the existing definition of renewable energy stating that hydroelectric generation is renewable only if it comes from a facility of 200 MW or less and inserts language clarifying that if a purchase of electricity is from a system of resources that includes both renewable and nonrenewable technologies, only that portion of the purchase that is actually from renewable technologies qualifies as "renewable."
- Required the PSB by October 1, 2011, to submit to the legislative committees of jurisdiction a report on the potential development of a renewable portfolio standard (RPS) and the potential adoption of, instead of an RPS, revisions to the SPEED program.

The provisions of the Act are codified in 30 V.S.A. §§ 219a(m); 8005(b)(2)(F), (b)(7); 8005(i), (k); 8007-08; 8002 32 V.S.A. §§ 2822(d); 5930z; 9 V.S.A. § 2795; 10 V.S.A. §§ 8501; 8504; 8506; *6523; 21 V.S.A. § 266 26 V.S.A. § 910(7).

ISO New England

As part of deregulation of the wholesale electric industry, ISO New England Inc. (ISO-NE) was established as a not-for-profit, private corporation on July 1, 1997, following its approval by FERC, to manage the New England region's electric bulk power generation and transmission systems and administer the region's open access transmission tariff. ISO New England Inc. contracts with New England Power Pool (NEPOOL) to operate the bulk power system and to administer the wholesale marketplace. NEPOOL membership is diverse, including brokers, marketers, and new generation owners, as well as distribution companies and, for states like Vermont, traditional electric utilities.

ISO-NE operates a "day-ahead - hourly" marketplace. Wholesale electricity suppliers and generators bid their resources into the market the day before and submit separate bids for each resource for each hour of the day. ISO-NE tabulates the bids and stacks them in dollar terms from lowest to highest, Load serving entities submit bids to purchase energy to serve load. The supply and demand bids "clear" and a price and quantity of supply are established for the coming day. Any deviations from the financially binding commitments made in the day-ahead market are settled in the real time market where a second clearing price is established based on the bids of available units and the actual hourly demand for that hour and each hour in the next day. ISO-NE Operation's staff determines the least cost dispatch sequence that reflects actual bids. Generators are dispatched to match the actual load occurring on the system. The highest bid resource that was dispatched to meet actual load sets the market clearing price for electricity that is paid to all suppliers by buyers who purchase power from the market.

There have been two additional components added to the design of New England’s wholesale electricity markets during the past biennia. FERC’s approval of Ancillary Services Market II (ASM II) and the Forward Capacity Market (FCM). ISO-NE is now able to focus its efforts on creating and implementing the FCM, developing this market and integrating it successfully with the electric energy markets and the ASM.

Ancillary services help ensure the secure and efficient operation of the bulk electric power system. Operating reserves serve as a real-time insurance policy to make certain that system operators will be able to maintain uninterrupted service in the face of an unexpected generation or transmission outage. The FCM is designed to offer an incentive to developers to site and build adequate generating capacity within the New England region. This helps to ensure that sufficient capacity is available in the future for reliable operation of the bulk power grid.

The FCM was approved by FERC in June of 2006. The FCM replaces the monthly Installed Capacity (ICAP) auctions. The FCM will not result in the purchase of capacity until the 2010-2011 Power Year. In order to bridge the gap between December 2006 and the 2010-2011 Power Year, the settlement agreement provided for the establishment of a Transition Period during which all listed ICAP resources will receive a monthly capacity payment based on a fixed payment rate that is adjusted annually each Power Year.

The design of FCM recognizes the parity of resources and the value of demand response. The types of capacity resources able to participate in the FCM are:

- Generation plants
- Intermittent resources (e.g., wind, solar, and hydro)
- Demand resources, including energy-efficiency assets, located in New England
- Imports of capacity resources from outside New England

Table 2-1 Vermont DSM Forward Capacity Market Commitments

<u>Resource Name</u>	<u>Pricing Duration (Election in Years)</u>	<u>Resource Type</u>	<u>Beginning of Commitment Period</u>	<u>Capacity Supply Obligation MW</u>
CSG Aggregation of DG and 24 hr lighting EE - VT	5	Demand	2010	0.864
Burlington Electric Department - On-Peak Efficiency	5	Demand	2010	3.105
Vermont Efficiency Portfolio	5	Demand	2010	49.412
Total 2010 Capacity Supply Obligation				53.381
Burlington Electric Department - On-Peak Efficiency	5	Demand	2011	0.125
Vermont Efficiency Portfolio	5	Demand	2011	10.184
Total 2011 Capacity Supply Obligation				10.309

B. Major Cases 2006-2010 Biennium

Nuclear

Entergy Nuclear Vermont Yankee – Docket 7195 – Steam dryer

This was a petition filed by the Department asking for additional financial guarantees to ensure that Vermont ratepayers were protected in the event that Vermont Yankee Nuclear Power Station had to reduce power due to failures of the steam dryer. The Board's order was issued in September 2006, and required additional financial assurances from Entergy Nuclear Vermont Yankee.

Entergy Nuclear Vermont Yankee – Docket 7404 – Enexus

Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc, sought regulatory approval for a “spin-off” of six merchant nuclear plants, including Vermont Yankee Nuclear Power Station, into a new company called Enexus. The Board issued an order in June of 2010 finding that the proposed action would not promote the public good.

Entergy Nuclear Vermont Yankee – Docket 7440 – New CPG for post March 21, 2012

In March 2008, Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc. petitioned the Board for authorization under 30 V.S.A. §§ 248 and 231 for a certificate of public good to operate the Vermont Yankee Nuclear Power Station for twenty years beyond the current certificate of public good which expiration date of March 21, 2012. Technical hearings have been held and the briefing for the case was completed in August of 2009. The Department concluded that Petitioners failed to meet their burden of demonstrating that continued operation of the Vermont Yankee Nuclear Power Station would promote the public good. However, according to the Vermont statutes, the Board “may not issue a final order or certificate of public good until the general assembly determines that operation will promote the general welfare and grants approval for that operation.” That affirmative finding by the general assembly has not occurred.

Entergy Nuclear Vermont Yankee – Docket 7600 – Tritium Investigation

This investigation was opened in February 2010 after the discovery of elevated tritium levels in a monitoring well at the Vermont Yankee Nuclear Power Station. The Board divided the investigation into three phases as follows:

Should Energy VY be required to cease operations at Vermont Yankee or take other ameliorative actions, pending completion of repairs to stop unpermitted releases of radionuclides, radioactive materials, and, other non-radioactive materials into the environment?

Whether good cause exists to modify or revoke the Certificate of Public Good (“CPG”) that the Board issued to Entergy pursuant to 30 V.S.A. § 231 on June 13, 2002, in Docket No. 6545 as a result of those releases?

Whether any penalties should be imposed on Entergy VY for any identified violations of Board orders related to those releases, or any statutory violations that are within the Board's jurisdiction for imposing sanctions?

Phase one technical hearings and briefing have been completed. The Board has the issue under advisement.

Rate Cases and Rate Design

VEC Rate Case – Docket 7120

Pursuant to a settlement in this rate case, VEC and DPS jointly selected a firm to conduct a management audit of VEC, developed an audit plan, and oversaw the audit. VEC had recently absorbed the former Citizens Utilities territory and

personnel, experienced changes in top management, was reporting dismal system performance and was not following utility accounting requirements – in short, had numerous management issues to address. The auditor (Stone & Webster, now Shaw Group) performed a thorough review of the operation and management of VEC and made numerous recommendations on matters including organizational structure, the conduct of directors' meetings, integrating former Citizens employees into the cooperative organization, strategic planning and managing regulatory relations. The parties' settlement required that VEC implement the auditor's recommendations unless it could show good cause not to do so. The final audit report was issued at the end of 2007; implementation of its recommendations has resulted in significantly improved operations and management of the Cooperative.

Almost concurrent with approval of the parties' settlement of Docket 7120, in September 2006, a VEC lineworker was electrocuted when an ungrounded switch failed to operate correctly. The worker was badly burned and eventually lost both legs below the knee. One result of this accident was that VEC hired an engineering firm to assess its electric system and recommend improvements, and to conduct a root cause analysis. DPS also investigated and issued a report. While tragic for the injured worker, this accident provided a further impetus for VEC to reform and improve its organization, and helped it identify and begin to address deficiencies in its system.

CVPS Rate Case – Docket Nos. 6946/6988

These rate investigations were opened in 2004, and a final order issued by the PSB in March 2005. That order required CVPS to reduce its rates, and to return to ratepayers about \$14 million of over-earnings (pursuant to an earlier settlement between DPS and CVPS). CVPS had calculated its over-earnings in a manner that resulted in ratepayers paying a return on millions of dollars of unused cash, and millions more that were supposed to have been written off; the PSB rejected this approach. CVPS appealed to the Vermont Supreme Court, which affirmed the Board's order on July 18, 2006.

GMP Alternative Regulation – Docket 7585

Pursuant to 30 V.S.A. § 218d, Green Mountain Power Corporation filed in December 2009 for approval of an Alternative Regulation Plan (ARP). The Department and GMP worked for a long period of time before the filing of the petition to get all of the issues with the new plan worked out. The Department was particularly interested in creating incentives for GMP to closely manage its controllable costs as well as benchmark its performance against other similarly situated utilities. The Department and GMP entered into an MOU on the new plan. In April of 2010, the Board approved the new plan with some minor modification to the ROE mechanism. The new plan took effect on October 1, 2010 and will be in effect for three years.

CVPS Alternative Regulation – Docket 7336

Pursuant to 30 V.S.A. § 218d, CVPS filed in August 2007 for approval of an Alternative Regulation Plan (ARP). The DPS generally supported the proposed ARP, but advocated changes in specific provisions, notably the cap on non-power costs and the earnings sharing mechanism. On September 30, 2008 the PSB issued an order largely adopting the DPS's changes and approving the ARP. The ARP allows CVPS to adjust rates more frequently for changes in power costs, adjust its base rates annually, and is also intended to provide incentives for efficient management. Since approval of the ARP CVPS has sought various amendments, including relief from the ARP's formula for setting the company's allowed return on equity. DPS has worked with CVPS on changes to the ARP, and has generally supported them.

Washington Electric Cooperative Rate Design – Docket 7575

In October 2009 the Washington Electric Cooperative (WEC) filed a proposed rate design, featuring steeply inclining

block rates for the residential class (the vast majority of WEC's customers). WEC also proposed a novel method of calculating long-term marginal cost; rather than using New England market prices to establish marginal cost, the primary component of WEC's calculation was a new contract with a wind project. Although this contract was significantly above market prices, WEC argued that its directors had chosen to acquire only renewable resources, and that a wind contract was therefore a reasonable proxy for its marginal cost of power. DPS opposed both the inclining-block rate structure and WEC's marginal-cost calculation. The PSB accepted WEC's rate design in an order issued 9/13/2010. DPS moved for reconsideration of the order with respect to marginal costs, but the PSB declined to alter its order.

This change in policy regarding marginal cost may have significant implications. Marginal cost (a/k/a/ avoided cost) is used to evaluate the economics of power contracts as well as energy-efficiency measures and programs. All Vermont utilities have been directed to acquire renewable resources, which are more expensive than traditional power sources; use of such renewables to calculate marginal cost could mean an increase in efficiency resources that would be economically available.

Transmission

Northwest Reliability Project – Docket 6860

This docket began in 2003 and although the major Board order of approval was issued in January 2005, all of the post certification work has continued. For the period of this biennial, the Board and the parties have continued to wrestle with such issues a specific line placement, specific substation plans, aesthetics, lay down areas, revisions, herbicides, noise, and pole relocations.

Lamoille County Project – Docket 7032, FERC Docket EL07-11-000

Following approval of this transmission reliability project in March 2006, petitioner VELCO filed a revised cost estimate for the project. This estimate reflected a doubling of the cost from \$20 to \$40 million, and caused considerable consternation for all concerned. While the project remained cost-effective at the higher price, the affected utilities balked at the rate impacts. The Stowe Electric Department ultimately filed a petition for relief at the Federal Energy Regulatory Commission (FERC), since the cost allocation was controlled by VELCO's FERC tariff. After the expenditure of significant funds on lawyers and discovery, VELCO brokered a settlement that (among other things) allowed Stowe Electric to buy additional VELCO stock and use the dividend to defray the project's cost. The settlement was finalized in the spring of 2008.

East Avenue Loop – Docket 7314

Vermont Electric Company, Inc., Vermont Transco, LLC (collectively VELCO), Green Mountain Power Corporation (GMP), and the City of Burlington Electric Light Department (BED) proposed a transmission upgrade referred to as the East Avenue Loop Project in Burlington. The project addressed serious reliability problems. The Project included replacement of an existing 4.8 miles 115kV line between VELCO's Essex substation and its East Avenue substation with two new 115 kV lines; expansion of the existing East Avenue substation; installation of a new 1.5 mile 34.5 KV line from the East Avenue substation to the BEC substation at the McNeil Generating Station; and construction of a new substation with the existing BED McNeil substation. The Board approved the project in May of 2008.

Southern Loop Transmission Project—Docket 7373

Central Vermont Public Service Corporation (CVPS) together with Vermont Electric Power Company and Vermont Transco (collectively, VELCO) filed a petition for a Certificate of Public Good to construct the Southern Loop Transmission Upgrade Project. The Project consists of a second 345kV transmission line between Vernon, Vermont, and VELCO's Coolidge Substation in Cavendish, Vermont; a new substation in Vernon; an expansion of the Coolidge Substation; a new substation in Newfane; and an approximately one-mile 345 kV loop into the new Newfane substation

from the new 345 kV Vernon-to-Cavendish transmission line. The Project addresses reliability concerns stemming from the heavy load carried on the existing Vernon-to-Cavendish 345 kV line; if that line is lost during summer peak demand levels, Vermont faces a serious risk of blackouts extending throughout almost the entire state and in to neighboring states, as well. It also addresses the reliability problem that would arise if the transformer located at the current Vermont Yankee substation in Vernon is lost. In addition, it eases local reliability problems. The Board issued an order in February 2009, approving the Project as the lowest-cost transmission alternative to effectively resolve the reliability concerns. The Board also found the Project to be superior to the non-transmission alternatives, which were found to be inadequate to for addressing fundamental reliability concerns, more costly than the Project, and unavailable in a timely enough manner.

Docket 7500 - National Grid g-33 Line Refurbishment

In March of 2009 New England Power Company, a subsidiary of National Grid, USA Inc., petitioned the Vermont Public Service Board pursuant to 30 V.S.A. §248 for a Certificate of Public Good to modernize and replace the transmission line components of a 20.3 miles section of a transmission line known as the G-33 line constructed over 90 years ago. The justification for the petition was that the components were nearing the ends of their useful service lives and that the modernization of the line would improve reliability by reducing exposure to tree-caused outages. The line provides primary or alternate supply to seven load-serving substations, all in Vermont, and the communities of Westminster, Putney, and Brattleboro. The Department supported the project following a review of the relevant statutory criteria. The Public Service Board issued a Certificate of Public Good approving the project on 8/3/10.

Dockets 7596-97 Middlebury Reliability Project

In January of 2010 Central Vermont Public Service Corporation ("CVPS") petitioned the Vermont Public Service Board for a Certificate of Public Good pursuant to 30 V.S.A. §248 requesting authorization to improve the reliability of the transmission system in the vicinity of Middlebury, Vermont which including reconductoring transmission lines, installing new capacitor banks, transformers and substation breakers and reconstructing or expanding substations in and around the towns of Middlebury, Bristol, Weybridge, and New Haven, Vermont. The justification for the petitions was that these upgrades would improve system reliability through component upgrades and also by creating a radial loop that would reducing the number and duration of outages in a cost effective manner. The Department supported the project following a review of the relevant statutory criteria. The Public Service Board issued a Certificate of Public Good approving the project on 8/20/10.

Sales and Acquisitions of Utilities

Green Mountain Power sale to Gaz Metro – Docket 7213

This was a series of transactions in which Green Mountain Power Corporation (GMP) was acquired by Northern New England Energy Corporation (NNEEC) a subsidiary of Gaz Metro of Quebec. The Board approved the transaction in March of 2007 finding that the transaction promoted the general good, would not impair competition, and would be likely to strengthen GMP's financial position.

Rochester Electric to CVPS – Docket 7171

Rochester Electric Light & Power, an investor-owned utility, had initially agreed to sell its small service territory to Vermont Electric Cooperative. Since VEC had no contiguous territory, and the price was nearly double the book value of the system, DPS opposed the deal and it was withdrawn. Rochester then entered into an agreement to sell to CVPS at book value. Since the price was consistent with Vermont's original-cost ratemaking, and CVPS territory surrounded

Rochester's, DPS supported the transaction and it was approved in August 2006.

VEC Southern District to CVPS - Docket 7210

The DPS had encouraged Vermont Electric Cooperative to consider divesting its separate service territory in southern Vermont, far from VEC's headquarters and other service areas in the north (and consequently more costly to serve). In July 2006 VEC and CVPS filed a joint petition for approval of a transfer of the southern territory to CVPS. Following investigation, the parties entered into a settlement providing for approval of the transfer with certain conditions. CVPS paid 80% of net book value for the territory, and DPS agreed to allow deferral and recovery of certain one-time costs associated with integration of the new area into CVPS's service territory. The PSB approved the parties' agreement and the transaction in December 2006.

CVPS Acquisition of Readsboro Electric—Docket 7480

Central Vermont Public Service Corporation (CVPS) filed a petition with the Board to approve a transfer of assets and electric service territory from the Town of Readsboro Electric Light Department (Readsboro). The Board approved the acquisition in January of 2009. However, the Town of Readsboro did not approve the sale by a sufficient majority; therefore, the transaction did not take place. A new docket has since been filed to once again try and obtain approval from the PSB for the sale of Readsboro to CVPS.

Generation

VPPSA/Swanton Peaker – Docket 7376

In August 2007 the Vermont Public Power Supply Authority (VPPSA) and the Village of Swanton Electric Department (SED) sought approval to build a multi-fuel peaking generation plant with a capacity of about 40 MW, to be located in the Town of Swanton (a/k/a "Project 10"). The proposed plant would be capable of running on natural gas, fuel oil or biodiesel. As a peaker it would actually operate only during times of peak electric demand (estimated to be less than 600 hours per year). The proposal as filed did not include a connection to the Vermont Gas System, although that was identified as a future option. Following discovery the DPS stipulated to issuance of a certificate of public good (CPG) for the project. In January 2009 the PSB issued the requested CPG. Pursuant to the petitioners' request, the project was designated as a SPEED resource to the extent that it is fueled by biodiesel. Construction of the project was hampered by a fire during testing of one of the two turbines, which caused significant damage. However, the project was ultimately completed and operating by the summer of 2010.

UPC Wind Farm-Docket 7156

This docket began as an investigation into a proposal by UPC Vermont Wind to install and operate twenty-six 2 MW wind turbines on ridgelines straddling the towns of Sutton and Sheffield, Vermont. UPC later modified its proposal, reducing the total number of turbines from twenty-six to sixteen while increasing the output capacity of each turbine to 2.5 MW and increasing turbine height from approximately 398 feet to approximately 420 feet. The Board approved the Petition with conditions, including a requirement that UPC make a good faith effort to enter into fixed-price contracts with Vermont utilities. An intervenor group, Ridge Protectors, appealed the Order to the Supreme Court because it disputed the Board's determination on several statutory criteria. The Supreme Court rejected those arguments and affirmed the Board's Order in February of 2009.

Deerfield Wind—Docket 7250

This docket began as a petition by Deerfield Wind to construct a 45 MW wind generation facility in the Towns of

Searsburg and Readsboro, Vermont. By the conclusion of the proceedings, Deerfield had modified its project to be a 30 MW facility consisting of 15 wind turbines approximately 400 feet tall, and associated transmission and interconnection facilities. The Board issued an Order in April 2009, granting a CPG to the project with certain conditions, including a requirement that Deerfield sell a substantial share of its power output to Vermont utilities through stably-priced contracts.

Georgia Mountain Community Wind Project – Docket No. 7508

On March 26, 2009, Georgia Mountain Community Wind filed a petition with the Board seeking approval under Section 248 for approval of a 3-5 turbine, 12-15 MW, wind farm atop Georgia Mountain in Milton and Georgia, Vermont. The Department's expert witnesses did not find the project to be unduly adverse and the Department supported the petition. The Board approved the project, with conditions, on June 10, 2010. Many landowners on Georgia Mountain vehemently opposed the project. The project, when built, will be close to an adjoining landowners property. The Board conducted technical hearing in March of 2011 to determine what set-back parameters were necessary. The Board issued an order in 2011 with set-backs specific to this project.

Kingdom Community Wind Project - Docket 7628

On May 15, 2010, Green Mountain Power, VELCO and Vermont Electric Cooperative petitioned the Public Service Board for a CPG authorizing the construction of a wind-powered electric generating facility and associated transmission improvements. The proposed wind farm consists of 20-21 wind turbines each with a capacity of 2.5-3.0 MW and a maximum capacity of approximately 63 MW on Lowell Mountain in the town of Lowell, Vermont. While the Town of Lowell voted to approve the project, the project has generated considerable opposition from others, including the Towns of Albany and Craftsbury and a local citizens' group. The Department supports the project as promoting Vermont's renewable energy goals, and seeks adequate monitoring of noise to insure compliance with Board standards. The Board issued an order granting the project a CPG with conditions. At this time, GMP has requested some adjustments to those conditions but are also moving ahead with the project.

Moretown Landfill Gas to Energy Project—Docket 7416

PPL Renewable Energy, LLC (PPL) and Green Mountain Power Corporation (GMP) filed a petition for PPL to construct and operate a landfill-gas-fired electric generation facility at the Moretown Landfill in Moretown, Vermont, and for GMP and PPL to construct related interconnection facilities, including poles and lines from the generation station to GMP's transmission line. The generation facility itself is designed to combust landfill gas in engine-generators that will produce approximately 3.2 MW of electric power. An Order, granting a Certificate of Public Good for the Project was issued in August of 2008.

SPEED – Docket 7533

Pursuant to the Vermont Energy Act of 2009, the Board was required to put into effect a standard offer program for qualifying SPEED resources with a plant capacity of 2.2 MW or less. Standard offers are a relatively new mechanism to encourage the development of renewable projects by requiring utilities to purchase the electricity generated from such projects at prices calculated to cover the costs of developing such projects. These prices are generally above current market prices. The Board was tasked with setting the prices based on developer's costs. The Energy Act set forth much of what the Board was to consider in developing the costs but also left some issues for Board resolution. A number of orders have issued on Standard Offer implementation including two that have set prices for different technologies but also additional orders resolving a myriad of implantation issues.

Smart Meter Related

Smart Metering - Docket 7307

In 2007 the Vermont Department of Public Service petitioned the Public Service Board to open an investigation for the purpose of considering the costs and benefits of “smart metering” and increased use of time-based rates and the potential promulgation of standards and requirements with respect to same. In November of 2008, following over a year of collaborative effort, all Vermont Utilities entered into a Memorandum of Understanding (MOU) which established a threshold set of minimum functional technical requirements and outlined a voluntary process for incorporating smart metering technology into Vermont utility operations. This MOU was adopted by the Board, with modifications in 2009.

SmartPower - Docket 7612

In April of 2010, using the Docket 7307 Smart Metering Memorandum of Understanding as a template, Central Vermont Public Service Corporation, (CVPS), following a collaborative effort with staff of the Department of Public Service, filed a plan setting out its strategies and schedule for the introduction of Advanced Metering Infrastructure (“AMI”) into its service area. The plan included details on the purchase and installation of associated hardware, software, and two-way communications systems that collect time-differentiated energy usage from Smart-Meters, as well as the related Dynamic Pricing, rate designs and Demand Response (“DR”) programs (together the “AMI Implementation Plan” or “Plan”). The Plan also incorporated the expected impacts of federal American Recovery and Reinvestment Act of 2009 (“ARRA”) funding that was awarded to the eEnergy Vermont Project and the elements of the *SmartPower* project described in Vermont’s ARRA Smart Grid Investment Grant (“SGIG”) application. Following a technical hearing the Public Service Board approved the plan and CVPS immediately began implementing their *SmartPower* plan.

Miscellaneous

EEU Structure - Docket 7466

In August of 2008, the Department filed a petition with the Vermont Public Service Board to investigate the potential benefits of restructuring Vermont’s Energy Efficiency Utility from a contract model to an Order of Appointment model. The petition proposed a *Draft Order of Appointment* that had been developed by the Department, the Board and a large group of interested parties over the previous 18 months during a series of collaborative workshops, to serve as a governing document. After a technical hearing the Board issued an order implementing an Order of Appointment structure for a term of 12 years. Subsequent proceedings focused on the refinement of the documents to define and govern the new structure. The Board conducted initial Overall Performance Assessments of the incumbent energy efficiency providers; Vermont Energy Investment Corporation (VEIC) and Burlington Electric Department (BED), which resulted in orders appointing them to continue their delivery of energy efficiency services. The docket continues to develop targets and goals for resource acquisition in a process called the Demand Resource Plan proceeding.

AARP – Docket 7535

30 V.S.A. § 218 allows the Board to create a reduced rate program for low income consumers (150% of the current poverty level). The Board is to consider in reviewing such a program the potential impact on, and cost-shifting to, other utility customers. AARP had proposed a program only for GMP and CVPS. The Department would like to see a statewide program. Additionally, the Department had many concerns about the impact on, and cost-shifting to, other utility customers, and some details of the program needed to be resolved. The Hearing Officer has issued a Proposal for Decision approving a low-income assistance program for only CVPS and GMP. The Board issued a final order on 7/22/11 approving the Proposal for Decision with minor clarifications.

C. Rates

New Rates. This period saw 33 requests for rate relief. Details of the filings are presented in the Table 2-2 below.

Aggregate Data. Tables 2-3 and 2-4 provide an overview of Vermont's electric utilities' aggregate revenue, kWh sales, customer counts, and revenue per kWh. Using revenue per kWh as an indicator of price, this table also shows each utilities' rank among Vermont electric utilities. The Vermont utilities' average revenue/kWh for 2009 was 12.69 cents.

Residential Rates. Tables 2-5 and 2-6 provide an overview of residential rates and typical bills for each of Vermont's electric utilities' average residential customer's use and revenue per kWh for years 2006 through 2009. (Revenue per kWh is the amount the utility collected per kWh sold to its customers either overall or for a given customer class). As shown in Table 2-6, the 2009 average residential rate was approximately 14.83 cents/kWh.

Table 2-11 shows detailed rate information and typical residential bills as of December, 2008 and December, 2010 respectively for each of the Vermont electric utilities. Billing components are shown, including customer charge and rates for peak months and off-peak months. Typical residential bill amounts are shown for a range of usage; from 25 kWh to 3,000 kWh.

Commercial and Industrial Rates. Tables 2-8, 2-9, 2-10 and 2-11 provide an overview of commercial and industrial customer counts, revenue, and kWh usage for each utility in 2006, 2007, 2008 and 2009. Revenue per kWh is shown to indicate what the utility collected per kWh sold. As shown in 2-9 for 2009 the average revenue/kWh for the commercial class was approximately 12.68 cents/kWh. Table 2-11 shows industrial rates were 9.17 cents/kWh in 2009.

Table 2-2 Rate Change Filings 2007 to 2010

<i>Company</i>	<i>Effective Date</i>	<i>Request</i>	<i>PSB Action</i>
FY 2007			
Village of Hyde Park Electric Department	10/1/2006	3.87% proposed rate increase	09/15/06 - Approved
Vermont Electric Cooperative, Inc.	1/1/2007	8.41% rate increase, or 7.97% increase if VEC sale of Southern Territory (Docket 7210) occurs before end of 2006, settled at 7.15%	12/21/06 - Approved
Town of Readsboro Electric Light Dept.	7/1/2007	26.82% rate increase request	06/24/08 Investigation opened, became Docket # 7322 case settled at a 22% increase.
Central Vermont Public Service Corporation	6/29/2007	Proposed 4.46% rate increase	01/31/08 Investigation opened, became Docket # 7321 case settled at a 2.3% increase.
Village of Enosburg Falls Water & Light Dept.	8/1/2007	14.04% rate increase	01/30/08 Investigation opened, became Docket # 7326 case settled at a 11.76% increase.
Village of Johnson Water & Light Dept.	8/1/2007	12.93% rate increase	12/14/07 Investigation opened, became Docket # 7327 case settled at a 11.13% increase.
FY 2008			
Village of Orleans Electric Department	11/1/2007	Proposed 9.12% rate increase	10/16/07 – Approved
Village of Hyde Park Electric Dept.	12/1/2007	Proposed 6.98% rate increase	11/30/07 - Approved
Green Mountain Power Corporation	1/1/2008	2008 Base Rate Adjustment per Alt. Reg. Plan, increase of 0.93%	12/5/07 - Approved
FY 2009			
Village of Jacksonville Electric Company	12/1/2008	Proposed 15.75% rate increase	11/14/08 – Approved
Village of Northfield Electric Dept.	12/1/2008	Proposed 9.78% rate increase	11/14/08 – Approved
Green Mountain Power Corporation	1/1/2009	2009 Base Rate filing per Alt. Reg. Plan	11/17/08 – Approved
Village of Johnson Water & Light Dept.	1/1/2009	Proposed 13.85% rate increase	12/16/08 – Approved
Village of Ludlow Electric Light Dept.	1/1/2009	Proposed 9.87% rate increase	12/16/08 – Approved
Village of Lyndonville Electric Dept.	1/1/2009	Proposed 8.52% rate increase	12/16/08 – Approved

Vermont Electric Cooperative, Inc.	1/1/2009	Proposed 9.24% rate increase	07/31/09 Investigation opened, became Docket # 7488 case settled at a 9.24% increase.
Village of Hyde Park Electric Dept.	2/1/2009	9.83% Proposed rate increase, settled at a 8.38% increase.	01/16/09 – Approved
Village of Orleans Electric Department	2/1/2009	9.69% Proposed rate increase, settled at a 9.06% increase.	01/16/09 – Approved
Town of Hardwick Electric Department	4/1/2009	8.68% rate increase request, settled at a 7.81% increase.	03/16/09 – Approved
Barton Village, Inc. Electric Department	4/1/2009	9.90% rate increase request	03/16/09 – Approved
Town of Stowe Electric Department	4/1/2009	8.71% rate increase request	03/25/09 – Approved
Village of Morrisville Water & Light Dept.	6/1/2009	7.81% Rate increase request, settled at a 5.08% increase	05/15/09 – Approved
City of Burlington Electric Department	6/26/2009	11.33% Proposed rate increase	01/28/10 Investigation opened, became Docket # 7529 case settled at a 11.33% increase.

FY 2010			
Green Mountain Power Corporation	10/1/2009	2010 Base Rate Adjustment per Alt. Reg. Plan – 4.84% rate increase for all affected customer classes except the C&I Transmission Class, which is 4.96%	10/1/09 - Approved
Town of Readsboro Electric Light Dept.	10/1/2009	Proposed 24.46% rate increase	09/17/09 Investigation opened, became Docket # 7564 case settled at a 30.76% increase.
Central Vermont Public Service Corporation	1/1/2010	2010 Base Rate Filing – 5.91% rate increase, settled at 5.58%	12/16/09 - Approved
Vermont Electric Cooperative, Inc,	1/1/2010	Proposed 1.88% rate increase	12/16/09 - Approved
Vermont Marble Power Division of OMYA, Inc.	3/1/2010	Proposed 23.71% rate increase for residential; 51.66% increase for Rate 4; and rate design changes	09/14/10 - Investigation opened, became Docket # 7598, settled at a 25.07% increase increase.
Village of Lyndonville Electric Dept.	5/1/2010	4% Proposed rate increase	04/15/10 - Approved
Barton Village, Inc. Electric Department	6/1/2010	Proposed 9.48% rate increase request, settled at a 8.94% increase	05/19/09 - Approved
Village of Johnson Water & Light Dept.	6/1/2010	Proposed 18% rate increase request	05/14/10 Approved
Village of Hyde Park Electric Dept.	7/1/2010	Proposed 16.72% rate increase request, settled at a 14.47% increase	06/17/10 Approved
Village of Orleans Electric Department	7/1/2010	Proposed 9.40% rate increase request	06/15/10 - Approved
Village of Ludlow Electric Light Dept.	8/1/2010	Proposed 9.49% rate increase request	07/16/10 - Approved

Table 2-3 Vermont Electric Utilities Total Revenue and Usage, 2008 and 2009

Calendar Year 2009					
Company	Total Rate Revenue	kWh	Total Customers	Rev/kWh (cents)	Rank by Rev/kWh
Barton	\$2,337,642	14,943,052	2,172	15.64	16
BED	\$46,477,302	346,632,030	20,019	13.41	7
CVPS	\$275,840,387	2,177,762,000	159,030	12.67	4
Enosburg	\$3,461,298	23,434,046	1,637	14.77	14
GMP	\$222,687,661	1,872,798,000	94,716	11.89	3.00
Hardwick	\$5,559,710	31,460,031	4,313	17.67	20.00
Hyde Park	\$1,821,467	11,452,506	1,360	15.90	18
Jacksonville	\$845,890	5,002,856	697	16.91	19.00
Johnson	\$2,111,955	14,318,106	899	14.75	13.00
Ludlow	\$6,635,837	46,835,991	3,639	14.17	8.00
Lyndonville	\$9,900,406	67,848,705	5,566	14.59	12.00
Morrisville	\$6,346,716	43,826,633	3,889	14.48	11
Northfield	\$3,723,828	28,348,617	2,284	13.14	5.00
Orleans	\$1,458,639	11,021,574	668	13.23	6.00
Readsboro	\$322,928	2,242,948	319	14.40	10.00
Stowe	\$10,156,938	70,794,588	3,907	14.35	9.00
Swanton	\$5,711,552	55,232,854	3,509	10.34	2.00
VEC	\$66,104,555	424,559,242	37,427	15.57	15.00
VMPD OMYA	\$14,725,852	177,492,140	876	8.30	1.00
WEC	\$10,775,996	68,407,548	10,486	15.75	17.00
Total	\$697,006,559	5,494,413,467	357,413	12.69	

Calendar Year 2008					
Company	Total Rate Revenue	kWh	Total Customers	Rev/kWh (cents)	Rank by Rev/kWh
Barton	\$2,215,769	15,214,324	2,157	14.56	15
BED	\$45,266,799	359,936,986	19,968	12.58	7.00
CVPS	\$282,777,017	2,259,211,000	158,700	12.52	6.00
Enosburg	\$3,517,550	23,658,268	1,628	14.87	16.00
GMP	\$231,172,120	1,959,380,000	94,207	11.80	3.00
Hardwick	\$5,249,915	31,334,834	4,263	16.75	20.00
Hyde Park	\$1,724,281	11,527,233	1,353	14.96	18
Jacksonville	\$764,670	5,124,779	697	14.92	17.00
Johnson	\$1,932,901	14,796,577	900	13.06	9.00
Ludlow	\$6,504,431	50,418,303	3,697	12.90	8.00
Lyndonville	\$9,396,021	70,127,726	5,497	13.40	11.00
Morrisville	\$6,244,651	43,627,651	3,869	14.31	14
Northfield	\$3,497,013	29,086,016	2,284	12.02	5.00
Orleans	\$1,544,384	12,994,313	675	11.89	4.00
Readsboro	\$300,508	2,257,396	319	13.31	10.00
Stowe	\$10,102,502	72,166,692	3,877	14.00	12.00
Swanton	\$5,738,299	55,725,982	3,546	10.30	2.00
VEC	\$62,323,193	439,985,284	37,335	14.16	13.00
VMPD OMYA	\$21,579,777	219,001,343	889	9.85	1.00
WEC	\$10,673,290	68,288,645	10,423	15.63	19.00
Total	\$712,525,091	5,743,863,352	356,284	12.40	

Source: Company Annual Reports Note: Total revenues and sales include additional revenue and sales not included in the 3 major classes.

Table 2-4 Vermont Electric Utilities Total Revenue and Usage, 2006 and 2007

Calendar Year 2007					
Company	Total Rate Revenue	kWh	Total Customers	Rev/kWh (cents)	Rank by Rev/kWh
Barton	\$2,193,665	15,040,050	2,151	14.59	17
BED	\$46,118,428	364,585,659	19,922	12.65	9
CVPS	\$281,072,282	2,320,374,000	157,909	12.11	7
Enosburg	\$3,212,087	23,647,200	1,593	13.58	12
GMP	\$222,747,964	1,971,720,000	93,479	11.30	4
Hardwick	\$5,353,176	31,724,126	4,217	16.87	20
Hyde Park	\$1,664,590	12,045,950	1,351	13.82	14
Jacksonville	\$760,805	5,132,015	689	14.82	18
Johnson	\$1,709,936	15,092,394	891	11.33	5
Ludlow	\$6,636,425	52,202,250	3,696	12.71	10
Lyndonville	\$9,515,512	70,975,124	5,484	13.41	11
Morrisville	\$6,310,730	45,104,992	3,781	13.99	16
Northfield	\$3,476,061	29,007,567	2,283	11.98	6
Orleans	\$1,439,804	12,949,895	675	11.12	3
Readsboro	\$278,273	2,276,381	319	12.22	8
Stowe	\$9,945,060	72,412,406	3,864	13.73	13
Swanton	\$5,690,723	54,888,615	3,540	10.37	2
VEC	\$63,163,603	454,630,845	37,239	13.89	15
VMPD OMYA	\$19,735,085	228,957,378	890	8.62	1
WEC	\$10,965,713	69,335,492	10,338	15.82	19
Total	\$701,989,922	5,852,102,339	354,311	12.00	

Calendar Year 2006					
Company	Total Rate Revenue	kWh	Total Customers	Rev/kWh (cents)	Rank by Rev/kWh
Barton	\$2,182,860	14,988,177	2,134	14.56	18
BED	\$42,827,675	359,268,266	19,855	11.92	9
CVPS	\$264,771,621	2,284,465,000	153,197	11.59	6
Enosburg	\$2,975,821	22,733,653	1,572	13.09	11
GMP	\$200,441,290	1,961,042,000	92,453	10.22	2
Hardwick	\$5,254,274	31,730,312	4,198	16.56	21
Hyde Park	\$1,556,267	11,572,065	1,334	13.45	16
Jacksonville	\$701,100	5,228,600	677	13.41	14
Johnson	\$1,766,820	15,007,078	878	11.77	8
Ludlow	\$6,139,816	48,681,015	3,691	12.61	10
Lyndonville	\$9,381,017	70,993,531	5,451	13.21	13
Morrisville	\$6,122,869	45,565,424	3,732	13.44	15
Northfield	\$3,315,668	28,472,344	2,272	11.65	7
Orleans	\$1,442,425	13,209,071	671	10.92	5
Readsboro	\$247,024	2,298,034	319	10.75	4
Rochester	\$621,013	4,242,565	847	14.64	19
Stowe	\$9,167,740	66,927,566	3,746	13.70	17
Swanton	\$5,368,475	51,312,511	3,480	10.46	3
VEC	\$61,495,422	468,476,165	39,701	13.13	12
VMPD OMYA	\$16,937,290	219,234,256	872	7.73	1
WEC	\$10,760,340	68,545,345	10,185	15.70	20
Total	\$653,476,827	5,793,992,978	351,265	11.28	

Source: Company Annual Reports

Table 2-5 Vermont Electric Utilities: Revenue and Usage Residential, 2008 and 2009

Calendar Year 2009						
Company	Residential Rev	kWh	Residential Customers	Avg Res Use (kWh)	Rev/kWh (cents)	
Barton	\$1,642,322	10,655,544	1,948	5,470	15.41	
BED	\$12,782,326	85,581,711	16,293	5,253	14.94	
CVPS	\$138,295,632	981,838,000	136,242	7,207	14.09	
Enosburg	\$1,838,467	12,158,130	1,452	8,373	15.12	
GMP	\$85,481,010	570,263,000	80,136	7,116	14.99	
Hardwick	\$4,059,577	23,006,096	3,890	5,914	17.65	
Hyde Park	\$1,297,052	8,344,761	1,163	7,175	15.54	
Jacksonville	\$585,708	3,496,285	642	5,446	16.75	
Johnson	\$752,503	5,108,196	742	6,884	14.73	
Ludlow	\$2,037,601	16,016,643	2,990	5,357	12.72	
Lyndonville	\$4,580,867	32,558,370	4,761	6,839	14.07	
Morrisville	\$2,914,326	20,178,651	3,311	6,094	14.44	
Northfield	\$1,380,351	10,322,100	1,658	6,226	13.37	
Orleans	\$485,304	4,189,478	582	7,198	11.58	
Readsboro	\$223,475	1,618,352	266	6,084	13.81	
Stowe	\$3,631,000	20,998,529	3,172	6,620	17.29	
Swanton	\$2,584,914	25,977,651	3,090	8,407	9.95	
VEC	\$39,723,258	220,294,893	33,804	6,517	18.03	
VMPD OMYA	\$533,230	6,545,267	801	8,171	8.15	
WEC	\$9,791,571	61,797,058	10,184	6,068	15.84	
Total	\$314,620,494	2,120,948,715	307,127	6,906	14.83	

Calendar Year 2008						
Company	Residential Rev	kWh	Residential Customers	Avg Res Use (kWh)	Rev/kWh (cents)	
Barton	\$1,564,357	10,884,713	1,946	5,593	14.37	
BED	\$12,370,974	88,062,905	16,273	5,412	14.05	
CVPS	\$137,946,727	982,966,000	136,074	7,224	14.03	
Enosburg	\$1,936,401	12,797,826	1,448	8,838	15.13	
GMP	\$86,569,556	577,823,000	79,709	7,249	14.98	
Hardwick	\$3,792,029	22,711,942	3,856	5,890	16.70	
Hyde Park	\$1,205,479	8,318,068	1,156	7,196	14.49	
Jacksonville	\$525,372	3,554,637	642	5,537	14.78	
Johnson	\$676,595	5,265,964	744	7,078	12.85	
Ludlow	\$1,855,518	16,079,151	3,054	5,265	11.54	
Lyndonville	\$4,276,029	32,783,246	4,733	6,927	13.04	
Morrisville	\$2,849,276	19,943,266	3,305	6,034	14.29	
Northfield	\$1,296,165	10,575,820	1,661	6,367	12.26	
Orleans	\$449,606	4,151,109	587	7,072	10.83	
Readsboro	\$207,960	1,628,776	266	6,123	12.77	
Stowe	\$3,460,426	21,297,648	3,144	6,774	16.25	
Swanton	\$2,568,224	26,026,293	3,128	8,320	9.87	
VEC	\$36,605,361	220,281,124	33,834	6,511	16.62	
VMPD OMYA	\$539,678	6,632,801	805	8,240	8.14	
WEC	\$9,687,297	61,615,090	10,129	6,083	15.72	
Total	\$310,383,030	2,133,399,379	306,494	6,961	14.55	

Table 2-6 Vermont Electric Utilities: Revenue and Usage Residential, 2006 and 2007

Calendar Year 2007					
Company	Residential Rev	kWh	Residential Customers	Avg Res Use (kWh)	Rev/kWh (cents)
Barton	\$1,556,768	10,816,667	1,952	5,541	14.39
BED	\$12,444,195	90,623,452	16,210	5,591	13.73
CVPS	\$136,000,458	1,003,055,000	135,591	7,398	13.56
Enosburg	\$1,796,686	13,138,843	1,416	9,279	13.67
GMP	\$83,017,290	580,895,000	79,155	7,339	14.29
Hardwick	\$3,908,864	23,120,135	3,811	6,067	16.91
Hyde Park	\$1,162,240	8,593,695	1,149	7,479	13.52
Jacksonville	\$516,908	3,543,090	634	5,588	14.59
Johnson	\$590,966	5,370,774	739	7,268	11.00
Ludlow	\$1,896,359	16,244,188	3,004	5,408	11.67
Lyndonville	\$4,324,066	33,055,640	4,719	7,005	13.08
Morrisville	\$2,841,682	20,344,525	3,240	6,279	13.97
Northfield	\$1,305,814	10,733,820	1,651	6,501	12.17
Orleans	\$411,201	4,075,364	587	6,943	10.09
Readsboro	\$195,303	1,645,744	267	6,164	11.87
Stowe	\$3,432,347	21,952,269	3,136	7,000	15.64
Swanton	\$2,563,162	25,648,395	3,113	8,239	9.99
VEC	\$37,612,788	227,219,684	33,833	6,716	16.55
VMPD OMYA	\$523,465	6,410,782	805	7,964	8.17
WEC	\$9,918,848	62,491,082	10,058	6,213	15.87
Total	\$306,019,410	2,168,978,149	305,070	7,110	14.11

Calendar Year 2006					
Company	Residential Rev	kWh	Residential Customers	Avg Res Use (kWh)	Rev/kWh (cents)
Barton	\$1,558,748	10,859,276	1,933	5,618	14.35
BED	\$11,121,776	91,153,308	16,197	5,628	12.20
CVPS	\$124,519,815	959,455,000	131,483	7,297	12.98
Enosburg	\$1,656,715	12,525,459	1,397	8,966	13.23
GMP	\$75,298,665	582,284,000	78,367	7,430	12.93
Hardwick	\$3,875,151	23,294,443	3,810	6,114	16.64
Hyde Park	\$1,093,661	8,325,220	1,135	7,335	13.14
Jacksonville	\$460,998	3,482,256	619	5,626	13.24
Johnson	\$588,609	5,171,756	732	7,065	11.38
Ludlow	\$1,772,576	15,536,540	2,995	5,187	11.41
Lyndonville	\$4,279,652	31,635,229	4,642	6,815	13.53
Morrisville	\$2,786,361	20,732,865	3,198	6,483	13.44
Northfield	\$1,257,159	10,639,348	1,643	6,476	11.82
Orleans	\$411,538	4,145,931	585	7,087	9.93
Readsboro	\$171,384	1,645,766	265	6,210	10.41
Rochester	\$433,341	2,971,683	722	4,116	14.58
Stowe	\$3,187,472	20,989,708	3,053	6,875	15.19
Swanton	\$2,494,946	25,162,263	3,058	8,228	9.92
VEC	\$37,638,420	242,369,765	36,256	6,685	15.53
VMPD OMYA	\$502,290	6,297,222	802	7,852	7.98
WEC	\$9,760,191	61,792,613	9,917	6,231	15.80
Total	\$284,869,468	2,140,469,651	302,809	7,069	13.31

Table 2-7 Vermont Electric Utilities: Revenue and Usage Commercial, 2008 and 2009

Calendar Year 2009					
Company	Commercial Revenue	kWh	Commercial Customers	Avg Com Use (kWh)	Com Rev/kWh (cents)
Barton	\$509,189	3,166,198	193	16,405	16.08
BED	\$27,840,645	209,321,530	3,722	56,239	13.30
CVPS	\$103,353,329	825,010,000	22,577	36,542	12.53
Enosburg	\$259,309	1,703,715	121	14,080	15.22
GMP	\$83,498,584	688,061,000	14,496	47,466	12.14
Hardwick	\$787,102	4,386,290	380	11,543	17.94
Hyde Park	\$432,620	2,562,922	117	21,905	16.88
Jacksonville	\$97,881	575,762	50	11,515	17.00
Johnson	\$197,009	1,177,965	102	11,549	16.72
Ludlow	\$2,782,182	19,912,997	641	31,066	13.97
Lyndonville	\$1,641,463	10,199,157	760	13,420	16.09
Morrisville	\$3,390,987	23,475,465	572	41,041	14.44
Northfield	\$363,861	2,588,516	177	14,624	14.06
Orleans	\$207,355	1,628,419	65	25,053	12.73
Readsboro	\$46,432	255,788	44	5,813	18.15
Stowe	\$4,969,354	37,209,804	683	54,480	13.35
Swanton	\$2,867,867	27,677,696	405	68,340	10.36
VEC	\$15,424,011	101,911,429	3,174	32,108	15.13
VMPD OMYA	\$424,184	4,773,680	66	72,328	8.89
WEC	\$572,598	3,522,977	291	12,106	16.25
Total	\$249,665,962	1,969,121,310	48,636	40,487	12.68

Calendar Year 2008					
Company	Commercial Revenue	kWh	Commercial Customers	Avg Com Use (kWh)	Com Rev/kWh (cents)
Barton	\$482,607	3,284,149	181	18,144	14.70
BED	\$27,073,325	216,776,007	3,691	58,731	12.49
CVPS	\$108,138,842	873,192,000	22,407	38,970	12.38
Enosburg	\$251,847	1,657,261	115	14,411	15.20
GMP	\$85,610,661	708,067,000	14,414	49,124	12.09
Hardwick	\$752,896	4,393,804	365	12,038	17.14
Hyde Park	\$430,299	2,639,874	117	22,563	16.30
Jacksonville	\$90,032	599,602	50	11,992	15.02
Johnson	\$176,197	1,212,960	100	12,130	14.53
Ludlow	\$2,571,239	21,337,450	635	33,602	12.05
Lyndonville	\$1,488,392	9,996,268	719	13,903	14.89
Morrisville	\$3,354,614	23,512,732	559	42,062	14.27
Northfield	\$342,862	2,666,264	176	15,149	12.86
Orleans	\$191,920	1,615,891	67	24,118	11.88
Readsboro	\$43,208	257,436	44	5,851	16.78
Stowe	\$4,825,761	37,683,588	678	55,581	12.81
Swanton	\$3,092,992	29,381,233	415	70,798	10.53
VEC	\$14,160,168	102,628,613	2,960	34,672	13.80
VMPD OMYA	\$425,175	4,792,432	75	63,899	8.87
WEC	\$567,895	3,503,895	283	12,381	16.21
Total	\$254,070,932	2,049,198,459	48,051	42,646	12.40

Source: Company Annual Reports

Table 2-8 Vermont Electric Utilities: Revenue and Usage Commercial, 2006- 2007

Calendar Year 2007					
Company	Commercial Revenue	kWh	Commercial Customers	Avg Com Use (kWh)	Com Rev/kWh (cents)
Barton	\$475,893	3,230,119	168	19,227	14.73
BED	\$27,934,563	219,672,138	3,709	59,227	12.72
CVPS	\$107,272,342	885,713,000	22,106	40,067	12.11
Enosburg	\$235,675	1,661,077	113	14,700	14.19
GMP	\$82,475,345	710,950,000	14,240	49,926	11.60
Hardwick	\$716,324	4,160,143	365	11,398	17.22
Hyde Park	\$414,697	2,811,550	119	23,626	14.75
Jacksonville	\$85,401	623,569	51	12,227	13.70
Johnson	\$157,380	1,240,590	98	12,659	12.69
Ludlow	\$2,378,417	21,387,886	685	31,223	11.12
Lyndonville	\$1,504,689	10,080,460	720	14,001	14.93
Morrisville	\$3,430,143	24,520,843	540	45,409	13.99
Northfield	\$354,901	2,790,091	176	15,853	12.72
Orleans	\$171,376	1,546,819	67	23,087	11.08
Readsboro	\$38,996	266,465	43	6,197	14.63
Stowe	\$4,693,919	36,749,481	674	54,524	12.77
Swanton	\$3,046,515	28,921,080	424	68,210	10.53
VEC	\$14,767,492	115,846,894	2,959	39,151	12.75
VMPD OMYA	\$427,848	4,657,153	76	61,278	9.19
WEC	\$566,549	3,488,183	268	13,016	16.24
Total	\$251,148,465	2,080,317,541	47,601	43,703	12.07

Calendar Year 2006					
Company	Commercial Revenue	kWh	Commercial Customers	Avg Com Use (kWh)	Com Rev/kWh (cents)
Barton	\$463,681	3,127,864	170	18,399	14.82
BED	\$24,060,658	193,418,077	3,643	53,093	12.44
CVPS	\$103,431,554	888,537,000	21,506	41,316	11.64
Enosburg	\$218,752	1,662,651	110	15,115	13.16
GMP	\$74,782,680	706,093,000	14,004	50,421	10.59
Hardwick	\$693,610	4,081,488	348	11,728	16.99
Hyde Park	\$376,819	2,649,187	118	22,451	14.22
Jacksonville	\$87,686	653,567	54	12,103	13.42
Johnson	\$161,143	1,257,592	103	12,210	12.81
Ludlow	\$2,120,014	19,738,046	689	28,647	10.74
Lyndonville	\$1,453,250	11,493,964	767	14,986	12.64
Morrisville	\$3,301,363	24,609,628	533	46,172	13.41
Northfield	\$341,614	2,760,302	175	15,773	12.38
Orleans	\$177,431	1,635,035	65	25,154	10.85
Readsboro	\$36,688	286,358	45	6,364	12.81
Rochester	\$148,117	1,014,821	125	8,119	14.60
Stowe	\$4,169,801	26,420,114	638	41,411	15.78
Swanton	\$408,894	3,752,380	324	11,581	10.90
VEC	\$13,728,995	114,005,964	3,000	38,002	12.04
VMPD OMYA	\$431,378	4,893,698	61	80,225	8.81
WEC	\$529,158	3,353,396	255	13,151	15.78
Total	\$231,123,286	2,015,444,132	46,733	43,127	11.47

Source: Annual Reports

Table 2-9 Vermont Electric Utilities: Revenue and Usage Industrial 2008 and 2009

Calendar Year 2009					
Company	Industrial Revenue	kWh	Industrial Customers	Avg Ind Use (kWh)	Ind Rev/kWh (cents)
Barton	\$0	0	0	0	
BED	\$5,144,200	47,536,562	3	15,845,521	10.82
CVPS	\$32,311,427	364,516,000	36	10,125,444	8.86
Enosburg	\$1,175,851	8,368,128	22	380,369	14.05
GMP	\$52,524,921	610,092,000	29	21,037,655	8.61
Hardwick	\$656,131	3,840,444	24	160,019	17.08
Hyde Park	\$0	0	0	-	
Jacksonville	\$150,853	870,104	5	174,021	17.34
Johnson	\$1,083,167	7,575,844	15	505,056	14.30
Ludlow	\$1,728,041	10,486,572	4	2,621,643	16.48
Lyndonville	\$3,564,737	24,573,311	45	546,074	14.51
Morrisville	\$0	0	0	-	
Northfield	\$1,643,064	13,083,665	15	872,244	12.56
Orleans	\$700,337	4,704,000	1	4,704,000	14.89
Readsboro	\$45,486	284,845	9	31,649	15.97
Stowe	\$1,071,433	9,519,090	1	9,519,090	11.26
Swanton	\$0	0	0		
VEC	\$9,544,049	94,345,791	9	10,482,866	10.12
VMPD OMYA	\$13,738,704	166,074,793	2	83,037,397	8.27
WEC	\$399,162	3,032,120	11	275,647	13.16
Total	\$125,481,563	1,368,903,269	231	5,925,988	9.17

Calendar Year 2008					
Company	Industrial Revenue	kWh	Industrial Customers	Avg Ind Use (kWh)	Ind Rev/kWh (cents)
Barton	\$0	0	0	-	
BED	\$5,169,063	51,018,851	3	17,006,284	10.13
CVPS	\$34,820,991	396,741,000	35	11,335,457	8.78
Enosburg	\$1,128,177	8,049,869	23	349,994	14.01
GMP	\$57,806,320	669,092,000	29	23,072,138	8.64
Hardwick	\$651,317	4,019,802	23	174,774	16.20
Hyde Park	\$0	0	0	-	
Jacksonville	\$139,165	909,827	5	181,965	15.30
Johnson	\$1,012,998	7,876,435	17	463,320	12.86
Ludlow	\$1,997,951	12,618,953	4	3,154,738	15.83
Lyndonville	\$3,527,191	26,832,548	45	596,279	13.15
Morrisville	\$0	0	0	-	
Northfield	\$1,555,324	13,568,805	15	904,587	11.46
Orleans	\$837,001	6,686,400	1	6,686,400	12.52
Readsboro	\$42,328	286,680	9	31,853	14.76
Stowe	\$1,295,839	9,231,520	1	9,231,520	14.04
Swanton	\$0	0	0	-	
VEC	\$10,241,386	108,964,035	103	1,057,903	9.40
VMPD OMYA	\$20,585,190	207,477,710	2	103,738,855	9.92
WEC	\$406,326	3,118,132	11	283,467	13.03
Total	\$141,216,567	1,526,492,567	326	4,682,493	9.25

Source: Company Annual Reports

Table 2-10 Vermont Electric Utilities: Revenue and Usage Industrial 2006 and 2007

Calendar Year 2007					
Company	Industrial Revenue	kWh	Industrial Customers	Avg Ind Use (kWh)	Ind Rev/kWh (cents)
Barton	\$0	0	0	-	-
BED	\$5,145,092	50,340,384	3	16,780,128	10.22
CVPS	\$35,967,334	425,356,000	37	11,496,108	8.46
Enosburg	\$926,282	7,216,601	21	343,648	12.84
GMP	\$56,115,178	675,479,000	29	23,292,379	8.31
Hardwick	\$673,822	4,248,621	23	184,723	15.86
Hyde Park	\$0	0	0	-	-
Jacksonville	\$150,635	965,356	4	241,339	15.60
Johnson	\$904,507	8,102,668	16	506,417	11.16
Ludlow	\$2,291,629	14,082,924	3	4,694,308	16.27
Lyndonville	\$2,641,484	27,323,358	45	607,186	9.67
Morrisville	\$0	0	0	-	-
Northfield	\$1,519,504	13,244,977	17	779,116	11.47
Orleans	\$794,905	6,777,600	1	6,777,600	11.73
Readsboro	\$37,756	279,668	9	31,074	13.50
Stowe	\$1,269,976	9,350,343	1	9,350,343	13.58
Swanton	\$0	0	0	-	-
VEC	\$9,520,311	103,569,379	9	11,507,709	9.19
VMPD OMYA	\$18,754,038	217,791,043	2	108,895,522	8.61
WEC	\$480,316	3,356,227	12	279,686	14.31
Total	\$137,192,769	1,567,484,149	232	6,756,397	8.75

Calendar Year 2006					
Company	Industrial Revenue	kWh	Industrial Customers	Avg Ind Use (kWh)	Ind Rev/kWh (cents)
Barton	\$0	0	0	-	-
BED	\$7,191,405	71,031,453	14	5,073,675	10.12
CVPS	\$35,051,641	430,348,000	35	12,295,657	8.14
Enosburg	\$839,810	6,920,754	19	364,250	12.13
GMP	\$49,387,097	668,522,000	27	24,760,074	7.39
Hardwick	\$632,698	4,163,704	22	189,259	15.20
Hyde Park	\$0	0	0	-	-
Jacksonville	\$143,337	1,092,777	4	273,194	13.12
Johnson	\$968,354	8,220,639	16	513,790	11.78
Ludlow	\$2,193,599	12,935,436	3	4,311,812	16.96
Lyndonville	\$2,589,939	27,342,440	42	651,010	9.47
Morrisville	\$0	0	0	-	-
Northfield	\$1,438,732	12,914,230	17	759,661	11.14
Orleans	\$790,953	6,868,800	1	6,868,800	11.52
Readsboro	\$32,734	281,406	9	31,267	11.63
Rochester	\$0	0	0	-	-
Stowe	\$1,272,317	11,970,585	10	1,197,059	10.63
Swanton	\$2,257,566	20,841,642	83	251,104	10.83
VEC	\$8,932,919	103,873,624	9	11,541,514	8.60
VMPD OMYA	\$15,973,894	207,944,936	2	103,972,468	7.68
WEC	\$469,251	3,391,236	11	308,294	13.84
Total	\$130,166,246	1,598,663,662	324	4,934,147	8.14

Table 2-11

TYPICAL ELECTRIC RESIDENTIAL BILLS AS OF NOVEMBER 1, 2010

UTILITY			kWh 25	kWh 100	kWh 250	kWh 500	kWh 750	kWh 1000	kWh 2000	kWh 3000
BARTON										
Customer Charge		\$8.90	\$106.80	\$106.80	\$106.80	\$106.80	\$106.80	\$106.80	\$106.80	\$106.80
NYPA Block	100	0.07933	\$23.80	\$95.20	\$95.20	\$95.20	\$95.20	\$95.20	\$95.20	\$95.20
Levelized rate	12	0.16694	\$0.00	\$0.00	\$300.49	\$801.31	\$1,302.13	\$1,802.95	\$3,806.23	\$5,809.51
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$11.08	\$17.61	\$43.81	\$87.47	\$131.14	\$174.81	\$349.48	\$524.15
BURLINGTON										
Customer Charge		\$8.21	\$98.52	\$98.52	\$98.52	\$98.52	\$98.52	\$98.52	\$98.52	\$98.52
NYPA Block	100	0.108068	\$32.42	\$129.68	\$129.68	\$129.68	\$129.68	\$129.68	\$129.68	\$129.68
Levelized rate	12	0.147735	\$0.00	\$0.00	\$265.92	\$709.13	\$1,152.33	\$1,595.54	\$3,368.36	\$5,141.18
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00621	\$1.86	\$7.45	\$18.63	\$37.26	\$55.89	\$74.52	\$149.04	\$223.56
Average Monthly Bill			\$11.07	\$19.64	\$42.73	\$81.22	\$119.70	\$158.19	\$312.13	\$466.08
CVPS										
Customer Charge		\$12.30	\$147.60	\$147.60	\$147.60	\$147.60	\$147.60	\$147.60	\$147.60	\$147.60
Levelized rate	12	0.1298	\$38.94	\$155.76	\$389.40	\$778.80	\$1,168.20	\$1,557.60	\$3,115.20	\$4,672.80
Alternative Reg. Charge		0.00181	\$0.54	\$2.17	\$5.43	\$10.86	\$16.29	\$21.72	\$43.44	\$65.16
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$15.78	\$26.23	\$47.14	\$81.97	\$116.81	\$151.64	\$290.98	\$430.32
ENOSBURG										
Customer Charge		\$9.25	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00
NYPA Block	100	0.06756	\$20.27	\$81.07	\$81.07	\$81.07	\$81.07	\$81.07	\$81.07	\$81.07
Levelized rate	12	0.15976	\$0.00	\$0.00	\$287.57	\$766.85	\$1,246.13	\$1,725.41	\$3,642.53	\$5,559.65
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$11.13	\$16.78	\$41.90	\$83.78	\$125.65	\$167.52	\$335.01	\$502.50
GMP										
Customer Charge		\$10.90	\$130.80	\$130.80	\$130.80	\$130.80	\$130.80	\$130.80	\$130.80	\$130.80
Levelized rate	12	0.14271	\$42.81	\$171.25	\$428.13	\$856.26	\$1,284.39	\$1,712.52	\$3,425.04	\$5,137.56
Alternative Reg. Charge		-0.0034	-\$1.02	-\$4.08	-\$10.20	-\$20.40	-\$30.60	-\$40.80	-\$81.60	-\$122.40
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$14.58	\$25.60	\$47.66	\$84.42	\$121.18	\$157.94	\$304.98	\$452.02
HARDWICK										
Customer Charge		\$11.83	\$141.96	\$141.96	\$141.96	\$141.96	\$141.96	\$141.96	\$141.96	\$141.96
NYPA Block	100	0.06285	\$18.86	\$75.42	\$75.42	\$75.42	\$75.42	\$75.42	\$75.42	\$75.42
Levelized rate	12	0.17885	\$0.00	\$0.00	\$321.93	\$858.48	\$1,395.03	\$1,931.58	\$4,077.78	\$6,223.98
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$13.59	\$18.89	\$46.88	\$93.52	\$140.17	\$186.81	\$373.39	\$559.97
HYDE PARK										
Customer Charge		\$14.41	\$172.92	\$172.92	\$172.92	\$172.92	\$172.92	\$172.92	\$172.92	\$172.92
NYPA Block	100	0.09337	\$28.01	\$112.04	\$112.04	\$112.04	\$112.04	\$112.04	\$112.04	\$112.04
Levelized rate	12	0.16725	\$0.00	\$0.00	\$301.05	\$802.80	\$1,304.55	\$1,806.30	\$3,813.30	\$5,820.30
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$16.94	\$24.52	\$50.77	\$94.51	\$138.26	\$182.00	\$356.98	\$531.96
JACKSONVILLE										
Customer Charge		\$7.97	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64
NYPA Block	175	0.07732	\$23.20	\$92.78	\$162.37	\$162.37	\$162.37	\$162.37	\$162.37	\$162.37
Levelized rate	12	0.18589	\$0.00	\$0.00	\$167.30	\$724.97	\$1,282.64	\$1,840.31	\$4,070.99	\$6,301.67
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$10.10	\$16.48	\$37.38	\$85.78	\$134.19	\$182.59	\$376.21	\$569.83

TYPICAL ELECTRIC RESIDENTIAL BILLS AS OF NOVEMBER 1, 2010 (continued)										
			kWh 25	kWh 100	kWh 250	kWh 500	kWh 750	kWh 1000	kWh 2000	kWh 3000
JOHNSON										
Customer Charge		12.14	145.68	145.68	145.68	145.68	145.68	145.68	145.68	145.68
NYPA Block	100	\$0.11	\$31.56	\$126.24	\$126.24	\$126.24	\$126.24	\$126.24	\$126.24	\$126.24
Levelized rate	12	0.162	\$0.00	\$0.00	\$291.60	\$777.60	\$1,263.60	\$1,749.60	\$3,693.60	\$5,637.60
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$14.96	\$23.43	\$48.89	\$91.33	\$133.76	\$176.19	\$345.92	\$515.65
LUDLOW										
Customer Charge		8.56	\$102.72	\$102.72	\$102.72	\$102.72	\$102.72	\$102.72	\$102.72	\$102.72
NYPA Block	125	\$0.05	\$15.69	\$62.76	\$78.45	\$78.45	\$78.45	\$78.45	\$78.45	\$78.45
Levelized rate	12	0.1179	\$0.00	\$0.00	\$176.85	\$530.55	\$884.25	\$1,237.95	\$2,652.75	\$4,067.55
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$10.06	\$14.56	\$31.77	\$63.18	\$94.58	\$125.99	\$251.62	\$377.25
LYNDONVILLE										
Customer Charge		9.25	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00
NYPA Block	100	\$0.08	\$22.73	\$90.94	\$90.94	\$90.94	\$90.94	\$90.94	\$90.94	\$90.94
Levelized rate	12	0.14138	\$0.00	\$0.00	\$254.48	\$678.62	\$1,102.76	\$1,526.90	\$3,223.46	\$4,920.02
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$11.34	\$17.60	\$39.97	\$77.25	\$114.52	\$151.80	\$300.91	\$450.02
MORRISVILLE										
Customer Charge		8.67	\$104.04	\$104.04	\$104.04	\$104.04	\$104.04	\$104.04	\$104.04	\$104.04
NYPA Block	100	\$0.08	\$25.02	\$100.08	\$100.08	\$100.08	\$100.08	\$100.08	\$100.08	\$100.08
Levelized rate	12	0.15358	\$0.00	\$0.00	\$276.44	\$737.18	\$1,197.92	\$1,658.66	\$3,501.62	\$5,344.58
Surcharge	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$10.95	\$17.78	\$41.98	\$82.31	\$122.63	\$162.96	\$324.27	\$485.58
NORTHFIELD										
Customer Charge		7.7	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40
NYPA Block	100	\$0.06	\$18.32	\$73.28	\$73.28	\$73.28	\$73.28	\$73.28	\$73.28	\$73.28
Levelized rate	12	0.13179	\$0.00	\$0.00	\$237.22	\$632.59	\$1,027.96	\$1,423.33	\$3,004.81	\$4,586.29
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$9.42	\$14.58	\$35.51	\$70.39	\$105.27	\$140.15	\$279.67	\$419.19
ORLEANS										
Customer Charge		9.89	\$118.68	\$118.68	\$118.68	\$118.68	\$118.68	\$118.68	\$118.68	\$118.68
NYPA Block	9-Apr	\$0.08	\$22.64	\$90.58	\$90.58	\$90.58	\$90.58	\$90.58	\$90.58	\$90.58
Levelized rate	12	0.11933	\$0.00	\$0.00	\$214.79	\$572.78	\$930.77	\$1,288.76	\$2,720.72	\$4,152.68
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$11.97	\$18.21	\$37.27	\$69.04	\$100.80	\$132.57	\$259.63	\$386.69
READSBORO										
Customer Charge		8.6	\$103.20	\$103.20	\$103.20	\$103.20	\$103.20	\$103.20	\$103.20	\$103.20
NYPA Block	100	\$0.07	\$22.23	\$88.91	\$88.91	\$88.91	\$88.91	\$88.91	\$88.91	\$88.91
Levelized rate	12	0.16461	\$0.00	\$0.00	\$296.30	\$790.13	\$1,283.96	\$1,777.79	\$3,753.11	\$5,728.43
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$10.65	\$16.78	\$42.63	\$85.72	\$128.80	\$171.89	\$344.23	\$516.57
STOWE										
Customer Charge		11.08	\$132.96	\$132.96	\$132.96	\$132.96	\$132.96	\$132.96	\$132.96	\$132.96
NYPA Block	150	\$0.12	\$36.72	\$146.88	\$220.32	\$220.32	\$220.32	\$220.32	\$220.32	\$220.32
Levelized rate	12	0.17615	\$0.00	\$0.00	\$211.38	\$739.83	\$1,268.28	\$1,796.73	\$3,910.53	\$6,024.33
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$14.33	\$24.09	\$48.99	\$94.96	\$140.93	\$186.90	\$370.78	\$554.66

TYPICAL ELECTRIC RESIDENTIAL BILLS AS OF NOVEMBER 1, 2010 (continued)

			kWh 25	kWh 100	kWh 250	kWh 500	kWh 750	kWh 1000	kWh 2000	kWh 3000
SWANTON										
Customer Charge		\$8.06	\$96.72	\$96.72	\$96.72	\$96.72	\$96.72	\$96.72	\$96.72	\$96.72
NYPA Block	100	0.04488	\$13.46	\$53.86	\$53.86	\$53.86	\$53.86	\$53.86	\$53.86	\$53.86
Levelized rate	12	0.11134		\$0.00	\$200.41	\$534.43	\$868.45	\$1,202.47	\$2,538.55	\$3,874.63
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$9.38	\$13.32	\$31.18	\$60.95	\$90.72	\$120.48	\$239.55	\$358.62
VEC										
Customer Charge		\$16.38	\$196.56	\$196.56	\$196.56	\$196.56	\$196.56	\$196.56	\$196.56	\$196.56
NYPA Block	100	0.08303	\$24.91	\$99.64	\$99.64	\$99.64	\$99.64	\$99.64	\$99.64	\$99.64
Levelized rate	12	0.16761		\$0.00	\$301.70	\$804.53	\$1,307.36	\$1,810.19	\$3,821.51	\$5,832.83
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$18.65	\$25.46	\$51.76	\$95.59	\$139.43	\$183.26	\$358.60	\$533.94
VT. MARBLE										
Customer Charge		\$4.58	\$54.96	\$54.96	\$54.96	\$54.96	\$54.96	\$54.96	\$54.96	\$54.96
First Block	100	0.0957	\$28.71	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84
Peak Months	4	0.11240		\$0.00	\$67.44	\$179.84	\$292.24	\$404.64	\$854.24	\$1,303.84
Off Peak Months	8	0.08730		\$0.00	\$104.76	\$279.36	\$453.96	\$628.56	\$1,326.96	\$2,025.36
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$7.17	\$14.92	\$30.43	\$56.28	\$82.13	\$107.98	\$211.38	\$314.77
WEC										
Customer Charge		\$9.65	\$115.80	\$115.80	\$115.80	\$115.80	\$115.80	\$115.80	\$115.80	\$115.80
NYPA Block	200	0.07722	\$23.17	\$92.66	\$185.33	\$185.33	\$185.33	\$185.33	\$185.33	\$185.33
Levelized rate	12	0.17243		\$0.00	\$103.46	\$620.75	\$1,138.04	\$1,655.33	\$3,724.49	\$5,793.65
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00773	\$2.32	\$9.28	\$23.19	\$46.38	\$69.57	\$92.76	\$185.52	\$278.28
Average Monthly Bill			\$11.77	\$18.15	\$35.65	\$80.69	\$125.73	\$170.77	\$350.93	\$531.09

rates furnished in part by VPPSA and the Vermont Electric Utilities

Table 2-12

TYPICAL ELECTRIC RESIDENTIAL BILLS AS OF DECEMBER 1, 2008										
<u>UTILITY</u>			kWh	kWh	kWh	kWh	kWh	kWh	kWh	
			25	100	250	500	750	1000	2000	3000
BARTON										
Customer Charge		\$7.43	\$89.16	\$89.16	\$89.16	\$89.16	\$89.16	\$89.16	\$89.16	\$89.16
NYP&A Block	100	0.06626	\$19.88	\$79.51	\$79.51	\$79.51	\$79.51	\$79.51	\$79.51	\$79.51
Levelized rate	12	0.13944	\$0.00	\$0.00	\$250.99	\$669.31	\$1,087.63	\$1,505.95	\$3,175.23	\$4,852.51
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$9.25	\$14.72	\$36.64	\$73.17	\$109.70	\$146.23	\$292.35	\$438.47
BURLINGTON										
Customer Charge		\$7.37	\$88.44	\$88.44	\$88.44	\$88.44	\$88.44	\$88.44	\$88.44	\$88.44
NYP&A Block	100	0.09707	\$29.12	\$116.48	\$116.48	\$116.48	\$116.48	\$116.48	\$116.48	\$116.48
Levelized rate	12	0.13270	\$0.00	\$0.00	\$238.86	\$636.96	\$1,035.06	\$1,433.16	\$3,025.56	\$4,617.96
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00416	\$1.25	\$4.99	\$12.48	\$24.96	\$37.44	\$49.92	\$99.84	\$149.76
Average Monthly Bill			\$9.90	\$17.49	\$38.02	\$72.24	\$106.45	\$140.67	\$277.53	\$414.39
CVPS										
Customer Charge		\$11.64	\$139.68	\$139.68	\$139.68	\$139.68	\$139.68	\$139.68	\$139.68	\$139.68
Levelized rate	12	0.12294	\$36.98	\$147.53	\$368.82	\$737.64	\$1,106.46	\$1,475.28	\$2,950.56	\$4,425.84
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$14.98	\$24.60	\$44.05	\$76.45	\$108.86	\$141.26	\$270.88	\$400.50
ENOSBURG										
Customer Charge		\$8.72	\$104.64	\$104.64	\$104.64	\$104.64	\$104.64	\$104.64	\$104.64	\$104.64
NYP&A Block	100	0.06367	\$19.10	\$76.40	\$76.40	\$76.40	\$76.40	\$76.40	\$76.40	\$76.40
Levelized rate	12	0.15056	\$0.00	\$0.00	\$271.01	\$722.69	\$1,174.37	\$1,626.05	\$3,432.77	\$5,239.49
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$10.48	\$15.76	\$39.34	\$78.65	\$117.96	\$157.27	\$314.51	\$471.75
GMP										
Customer Charge		\$9.92	\$119.04	\$119.04	\$119.04	\$119.04	\$119.04	\$119.04	\$119.04	\$119.04
Levelized rate	12	0.12997	\$38.99	\$155.96	\$389.91	\$779.82	\$1,169.73	\$1,559.64	\$3,119.28	\$4,678.92
Alternative Reg. Charge		0.002496	\$0.75	\$3.00	\$7.49	\$14.98	\$22.46	\$29.95	\$59.90	\$89.86
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$13.40	\$23.83	\$44.71	\$79.49	\$114.28	\$149.07	\$288.21	\$427.36
HARDWICK										
Customer Charge		\$10.97	\$131.64	\$131.64	\$131.64	\$131.64	\$131.64	\$131.64	\$131.64	\$131.64
NYP&A Block	100	0.0583	\$17.49	\$69.96	\$69.96	\$69.96	\$69.96	\$69.96	\$69.96	\$69.96
Levelized rate	12	0.16589	\$0.00	\$0.00	\$298.60	\$796.27	\$1,293.94	\$1,791.61	\$3,782.29	\$5,772.97
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$12.59	\$17.47	\$43.35	\$86.50	\$129.64	\$172.78	\$345.35	\$517.92
HYDE PARK										
Customer Charge		\$11.62	\$139.44	\$139.44	\$139.44	\$139.44	\$139.44	\$139.44	\$139.44	\$139.44
NYP&A Block	100	0.07526	\$22.58	\$90.31	\$90.31	\$90.31	\$90.31	\$90.31	\$90.31	\$90.31
Levelized rate	12	0.13481	\$0.00	\$0.00	\$242.66	\$647.09	\$1,051.52	\$1,455.95	\$3,073.67	\$4,691.39
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$13.67	\$19.81	\$41.04	\$76.41	\$111.78	\$147.16	\$288.65	\$430.14
JACKSONVILLE										
Customer Charge		\$7.97	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64	\$95.64
NYP&A Block	175	0.07732	\$23.20	\$92.78	\$162.37	\$162.37	\$162.37	\$162.37	\$162.37	\$162.37
Levelized rate	12	0.18589	\$0.00	\$0.00	\$167.30	\$724.97	\$1,282.64	\$1,840.31	\$4,070.99	\$6,301.67
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$10.07	\$16.37	\$37.11	\$85.26	\$133.40	\$181.54	\$374.11	\$566.68

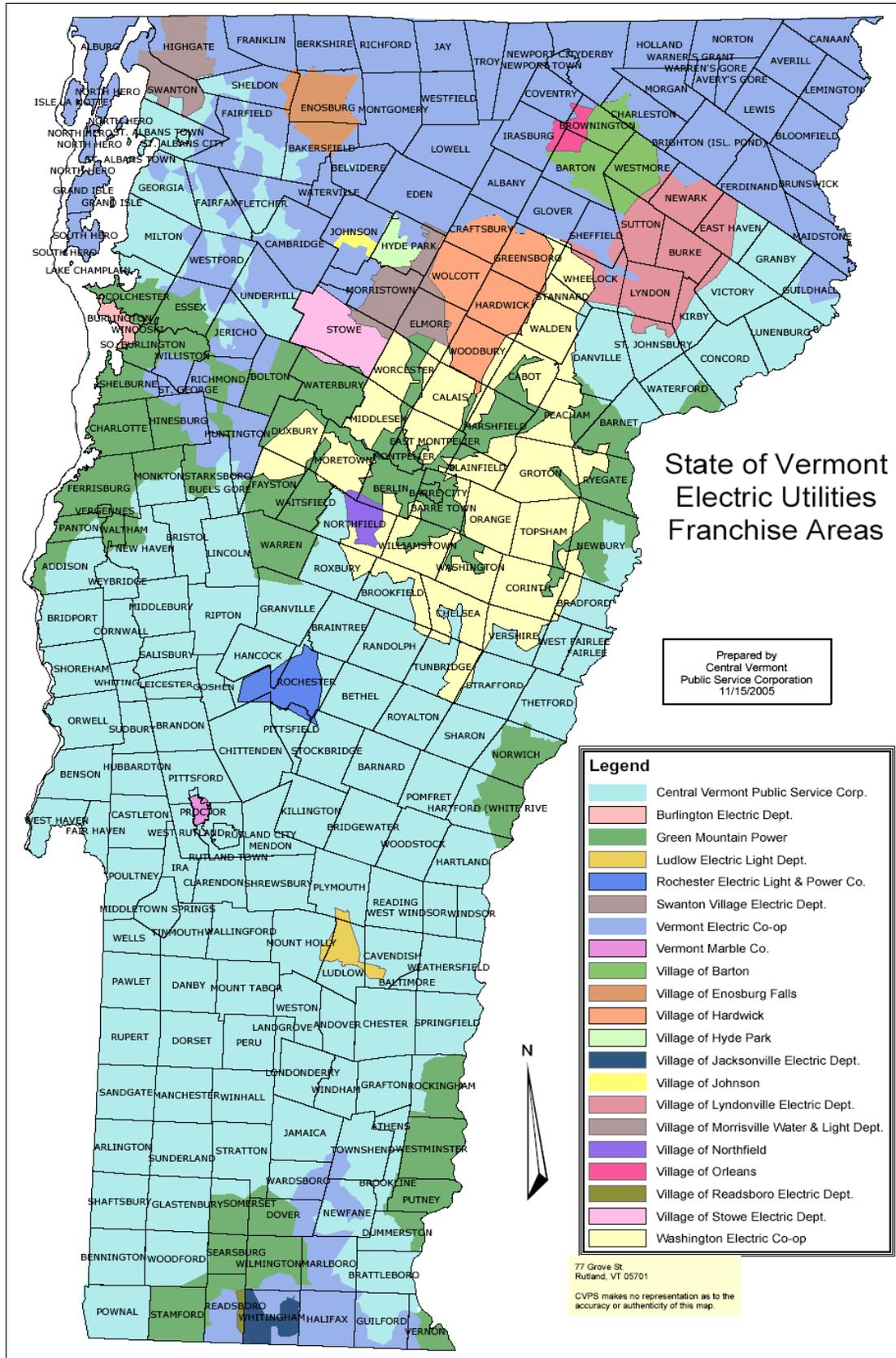
TYPICAL ELECTRIC RESIDENTIAL BILLS AS OF DECEMBER 1, 2008

			kWh 25	kWh 100	kWh 250	kWh 500	kWh 750	kWh 1000	kWh 2000	kWh 3000
JOHNSON										
Customer Charge		\$9.03	\$108.36	\$108.36	\$108.36	\$108.36	\$108.36	\$108.36	\$108.36	\$108.36
NYPA Block	100	0.07830	\$23.49	\$93.96	\$93.96	\$93.96	\$93.96	\$93.96	\$93.96	\$93.96
Levelized rate	12	0.12059	\$0.00	\$217.06	\$573.83	\$940.60	\$1,302.37	\$2,749.45	\$4,196.53	\$4,196.53
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$11.15	\$17.53	\$36.62	\$63.44	\$100.25	\$132.07	\$250.34	\$386.61
LUDLOW										
Customer Charge		\$7.12	\$85.44	\$85.44	\$85.44	\$85.44	\$85.44	\$85.44	\$85.44	\$85.44
NYPA Block	125	0.04350	\$13.05	\$52.20	\$65.25	\$65.25	\$65.25	\$65.25	\$65.25	\$65.25
Levelized rate	12	0.09800	\$0.00	\$147.00	\$441.00	\$735.00	\$1,029.00	\$2,205.00	\$3,381.00	\$3,381.00
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$8.37	\$12.14	\$26.48	\$52.65	\$78.82	\$104.99	\$209.67	\$314.35
LYNDONVILLE										
Customer Charge		\$8.19	\$98.28	\$98.28	\$98.28	\$98.28	\$98.28	\$98.28	\$98.28	\$98.28
NYPA Block	100	0.06715	\$20.15	\$80.58	\$80.58	\$80.58	\$80.58	\$80.58	\$80.58	\$80.58
Levelized rate	12	0.12527	\$0.00	\$225.49	\$601.30	\$977.11	\$1,352.92	\$2,056.16	\$4,359.40	\$4,359.40
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$10.04	\$15.57	\$35.37	\$63.35	\$101.34	\$134.33	\$266.28	\$398.23
MORRISVILLE										
Customer Charge		\$7.73	\$92.76	\$92.76	\$92.76	\$92.76	\$92.76	\$92.76	\$92.76	\$92.76
NYPA Block	100	0.07435	\$22.31	\$89.22	\$89.22	\$89.22	\$89.22	\$89.22	\$89.22	\$89.22
Levelized rate	12	0.13691	\$0.00	\$246.44	\$657.17	\$1,067.90	\$1,478.63	\$3,121.55	\$4,764.47	\$4,764.47
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$9.76	\$15.83	\$37.37	\$73.27	\$109.17	\$145.06	\$288.65	\$432.24
NORTHFIELD										
Customer Charge		\$7.70	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40	\$92.40
NYPA Block	100	0.06107	\$18.32	\$73.28	\$73.28	\$73.28	\$73.28	\$73.28	\$73.28	\$73.28
Levelized rate	12	0.13179	\$0.00	\$237.22	\$632.59	\$1,027.96	\$1,423.33	\$3,004.81	\$4,586.29	\$4,586.29
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$9.39	\$14.48	\$35.25	\$69.86	\$104.48	\$139.10	\$277.57	\$416.04
ORLEANS										
Customer Charge		\$8.29	\$99.48	\$99.48	\$99.48	\$99.48	\$99.48	\$99.48	\$99.48	\$99.48
NYPA Block	100	0.06326	\$18.98	\$75.91	\$75.91	\$75.91	\$75.91	\$75.91	\$75.91	\$75.91
Levelized rate	12	0.10001	\$0.00	\$180.02	\$480.05	\$780.08	\$1,080.11	\$2,280.23	\$3,480.35	\$3,480.35
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$10.04	\$15.28	\$31.29	\$57.96	\$84.63	\$111.31	\$218.00	\$324.89
READSDORO										
Customer Charge		\$6.58	\$78.96	\$78.96	\$78.96	\$78.96	\$78.96	\$78.96	\$78.96	\$78.96
NYPA Block	100	0.05666	\$17.00	\$67.99	\$67.99	\$67.99	\$67.99	\$67.99	\$67.99	\$67.99
Levelized rate	12	0.12589	\$0.00	\$226.60	\$604.27	\$981.94	\$1,359.61	\$2,870.29	\$4,380.97	\$4,380.97
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$8.16	\$12.91	\$32.80	\$65.94	\$99.08	\$132.23	\$264.80	\$397.37
STOWE										
Customer Charge		\$9.57	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84	\$114.84
NYPA Block	150	0.10559	\$31.71	\$126.83	\$190.24	\$190.24	\$190.24	\$190.24	\$190.24	\$190.24
Levelized rate	12	0.15210	\$0.00	\$182.52	\$638.82	\$1,095.12	\$1,551.42	\$3,376.62	\$5,201.82	\$5,201.82
Surcharge	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$12.36	\$20.81	\$42.30	\$82.00	\$121.60	\$161.30	\$320.17	\$478.95

		TYPICAL ELECTRIC RESIDENTIAL BILLS AS OF DECEMBER 1, 2008								
			kWh	kWh	kWh	kWh	kWh	kWh	kWh	kWh
			25	100	250	500	750	1000	2000	3000
SWANTON										
		\$6.93	\$83.16	\$83.16	\$83.16	\$83.16	\$83.16	\$83.16	\$83.16	\$83.16
Customer Charge										
NYPA Block	100	0.03858	\$11.57	\$46.30	\$46.30	\$46.30	\$46.30	\$46.30	\$46.30	\$46.30
Levelized rate	12	0.09570	\$0.00	\$172.26	\$459.36	\$746.46	\$1,033.56	\$2,181.96	\$3,330.36	\$3,330.36
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CCU Charge		0.00660	\$2.00	\$0.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$8.06	\$11.46	\$26.81	\$52.41	\$78.00	\$103.60	\$205.98	\$308.36
VEC										
Customer Charge		\$14.72	\$176.64	\$176.64	\$176.64	\$176.64	\$176.64	\$176.64	\$176.64	\$176.64
NYPA Block	100	0.07461	\$22.38	\$89.53	\$89.53	\$89.53	\$89.53	\$89.53	\$89.53	\$89.53
Levelized rate	12	0.15060	\$0.00	\$271.08	\$722.88	\$1,174.68	\$1,626.48	\$3,433.68	\$5,240.88	\$5,240.88
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$16.75	\$22.85	\$46.44	\$85.76	\$125.08	\$164.40	\$321.68	\$478.96
VT. MARBLE										
Customer Charge		\$3.66	\$43.92	\$43.92	\$43.92	\$43.92	\$43.92	\$43.92	\$43.92	\$43.92
First Block	100	0.0765	\$22.95	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80
Peak Months	4	0.08990	\$0.00	\$53.94	\$143.84	\$233.74	\$323.64	\$683.24	\$1,042.84	\$1,042.84
Off Peak Months	8	0.06980	\$0.00	\$83.76	\$223.36	\$362.96	\$502.56	\$1,060.96	\$1,619.36	\$1,619.36
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$5.74	\$11.98	\$24.46	\$45.25	\$66.05	\$86.84	\$170.02	\$253.20
WEC										
Customer Charge		\$9.24	\$110.88	\$110.88	\$110.88	\$110.88	\$110.88	\$110.88	\$110.88	\$110.88
NYPA Block	150	0.07387	\$22.16	\$88.64	\$132.97	\$132.97	\$132.97	\$132.97	\$132.97	\$132.97
Levelized rate	12	0.16207	\$0.00	\$194.48	\$680.69	\$1,166.90	\$1,653.11	\$3,597.95	\$5,542.79	\$5,542.79
Surcharge		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EEU Charge		0.00668	\$2.00	\$8.02	\$20.04	\$40.08	\$60.12	\$80.16	\$160.32	\$240.48
Average Monthly Bill			\$11.25	\$17.30	\$38.20	\$80.39	\$122.57	\$164.76	\$333.51	\$502.26

rates furnished in part by VPPSA and the Vermont Electric Utilities

Figure 2-1 State of Vermont Electric Utilities Franchise Areas

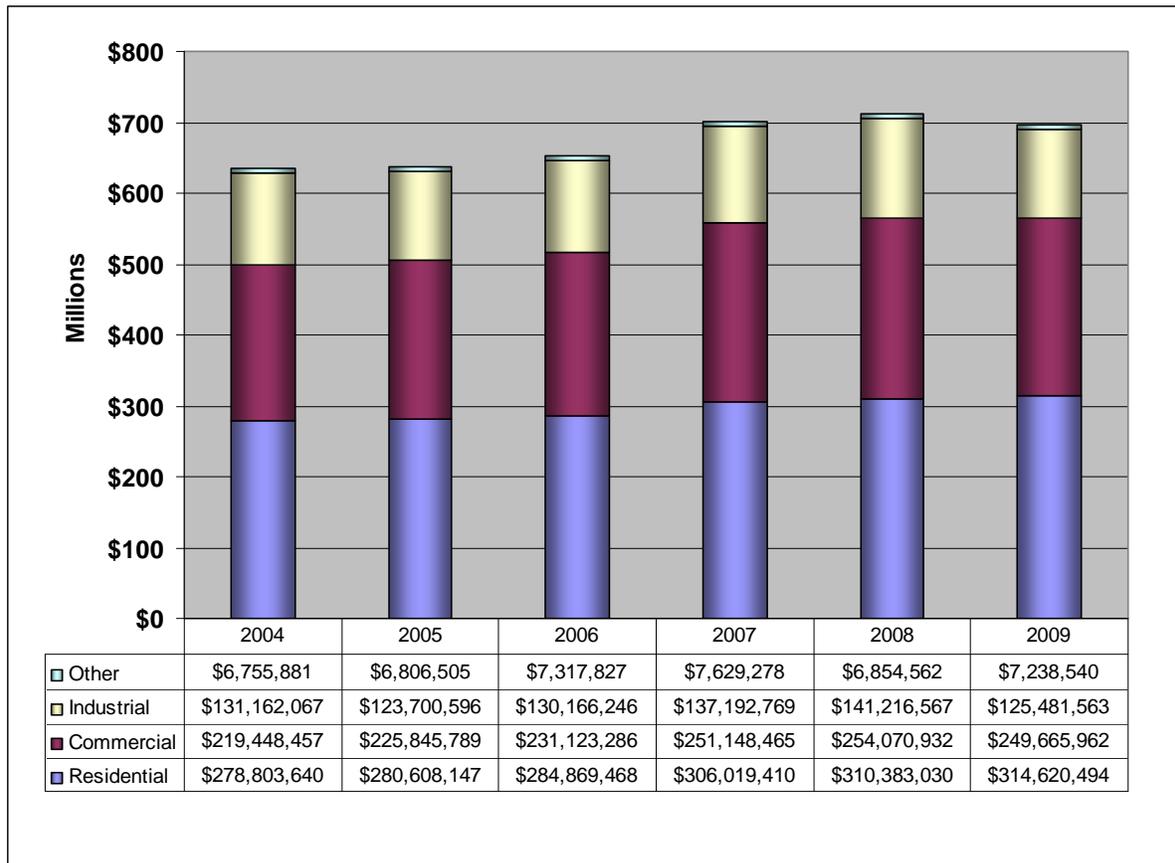


Electric Loads

Vermont's utilities total sales to all customer classes in 2006 were 5,793,992,978 kWh and 5,494,413,467 kWh in 2009 representing a 4.34% decline in total usage. (See Figures 2-3 through 2-5 and accompanying graphs)

Vermont's system peak loads are strongly weather dependent. In 2009 the system peak reached 993 MW in the summer and reached a winter peak of 1008 MW (Figure 2-8)

Figure 2-3 Sales Revenue from Ultimate Customers by Customer Class 2004 - 2009

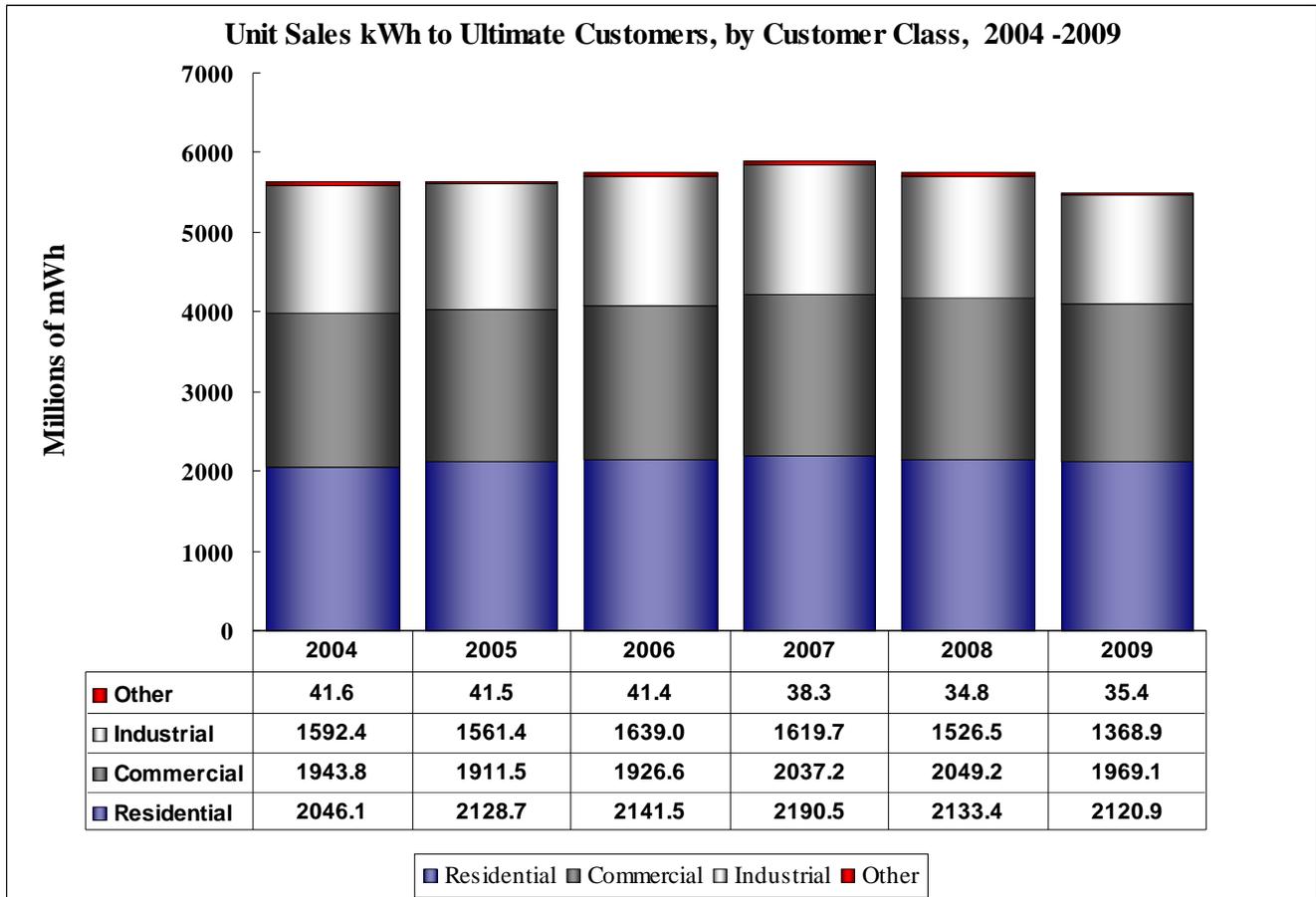


Percentage of Sales Revenue From Ultimate Customers by Customer Class

	2004	2005	2006	2007	2008	2009
Residential	43.83%	44.05%	43.59%	43.59%	43.56%	45.14%
Commercial	34.50%	35.46%	35.37%	35.78%	35.66%	35.82%
Industrial	20.62%	19.42%	19.92%	19.54%	19.82%	18.00%
Other	1.06%	1.07%	1.12%	1.09%	0.96%	1.04%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Annual Reports

Figure 2-4 Vermont Electric Utilities: Revenue from Ultimate Customers, by Customer Class, 2004 – 2009



Percentage of Unit Sales (kWh) to Ultimate Customers by Customer Class

	2004	2005	2006	2007	2008	2009
Residential	36.38%	37.72%	37.25%	37.22%	37.14%	38.60%
Commercial	34.56%	33.87%	33.52%	34.61%	35.68%	35.84%
Industrial	28.32%	27.67%	28.51%	27.52%	26.58%	24.91%
Other	0.74%	0.74%	0.72%	0.65%	0.61%	0.65%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Annual Reports

Figure 2-5 Vermont Seasonal Peaks 1991- 2009

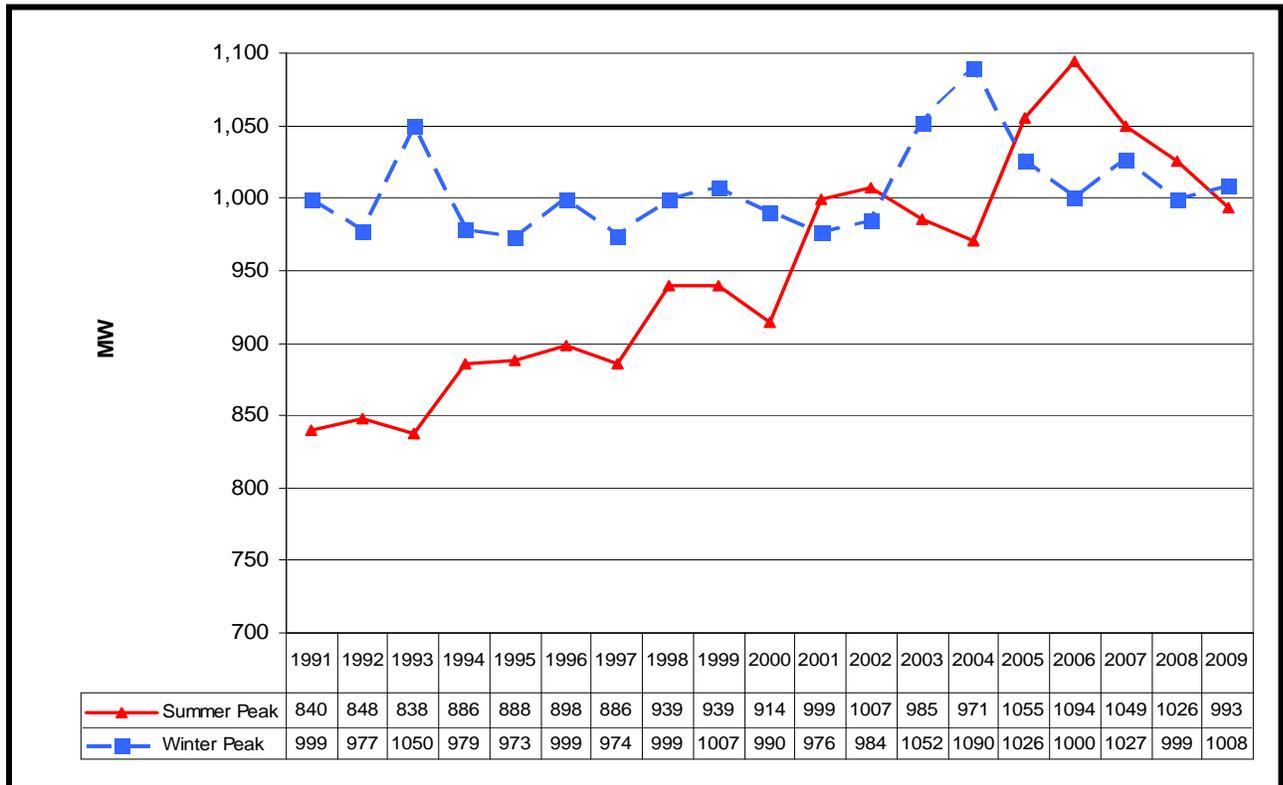
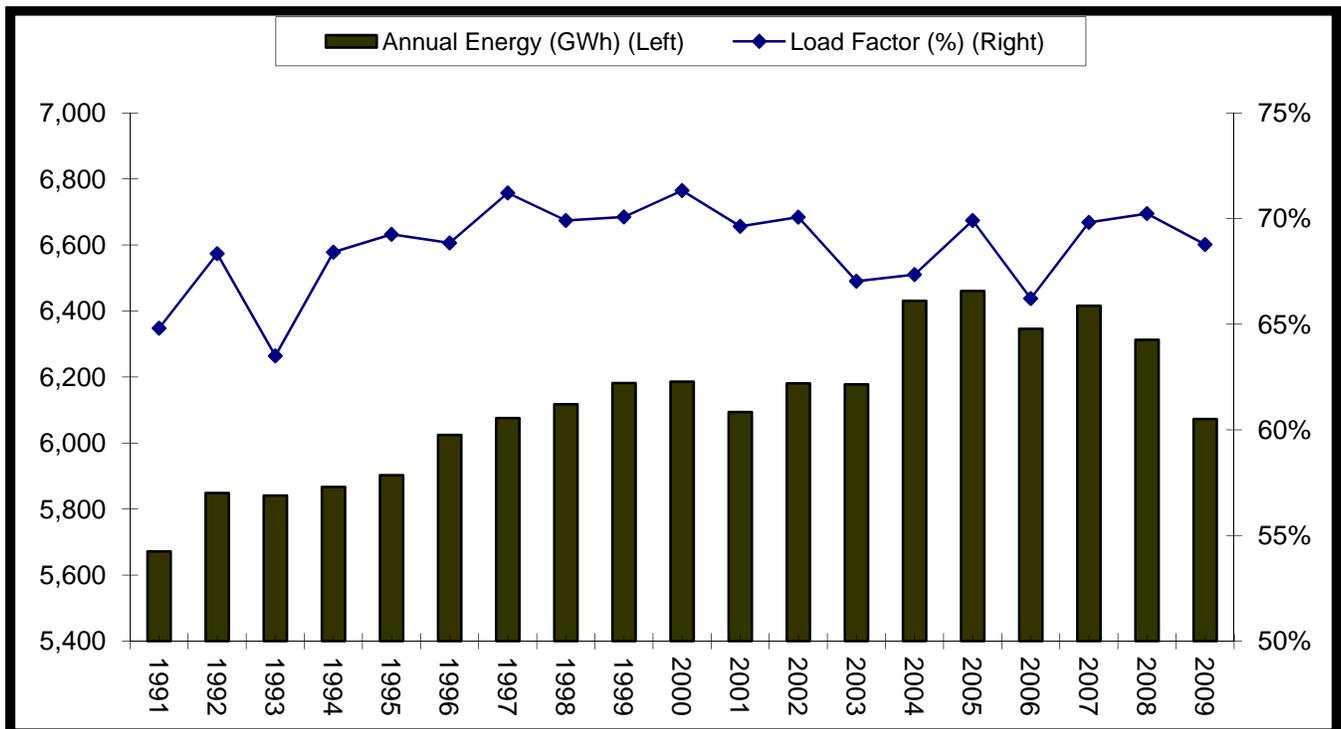


Figure 2-6 Vermont Electric Utilities: Annual Load Factor and Annual Sales 1991-2009



Smart Grid Technologies

The US Department of Energy, under the American Reinvestment and Recovery Act (ARRA), established a \$3.4 billion grant pool to accelerate the adoption of Smart Grid technologies throughout the country while creating jobs to stimulate the economic recovery. In October of 2009, Vermont's electric utilities were awarded approximately \$69 M in ARRA funds to deploy Smart Grid technology. The statewide grant application, known as eEnergy Vermont, was filed by Vermont Transco, on behalf of Vermont's twenty distribution utilities, with the support of the Department of Public Service, Efficiency Vermont, the Office of Economic Stimulus and Recovery as well as Vermont's Congressional Delegation and was approved. The grant will pay up to half the cost of \$138 million in improvements across Vermont. The project will move the state toward development of a statewide Smart Grid, using digital technology to convert the electric infrastructure from a one-way communication system (conveying electricity to consumers) to a two-way system able to relay information about usage, voltage, existing or potential outages, equipment performance, and other matters back the utilities. The system will utilize the statewide fiber optic backbone being built as a part of electric reliability improvements. The Smart Grid system will allow utilities to resolve outages more quickly, or potentially avoid them; improve power quality (correcting voltage irregularities); and provide consumers data about their energy use patterns.

Smart Grid has the potential to increase energy efficiency, promote conservation and empower consumers to manage their energy choices. All of these will help reduce the environmental impacts of energy use.

Automated Metering Infrastructure (AMI)

AMI is a key component of the Smart Grid, and is being developed by most Vermont distribution utilities with the help of a matching ARRA grant. AMI will enable customers to reduce their electricity use during high price times, using signal controls and recording and storing usage data during those periods. AMI technology does not, in of itself, reduce customer electricity use - customers must respond to the price signals provided to reduce their usage. Among many other benefits of AMI, one of the most notable benefits is its ability to read meters remotely and turn on services, eliminating the need for utility personnel that currently perform these labor-intensive tasks manually. In addition since AMI includes outage notification functions, restoration times following outages will likely be shorter. Not all benefits of AMI will be available to customers immediately, but instead will be afforded to customers as the utilities learn more about how the systems operate.

AMI systems typically consist of three components: a smart meter located at the customer premise, a communications network between the meter and the utility, and a head-end system located at the utility office.

Smart Meter

The smart meter can record and store interval usage data, register billing data for dynamic rates, register demand readings, report power supply status, and turn power on or off remotely utilizing a built-in service disconnect switch. The smart meter can relay price signals to and within the home via web presentment and in-home displays (IHD). The smart meter includes a Zigbee communication device that will allow a customer to add Home Area Network (HAN) which will include devices within the home for usage control in response to price signals. The Zigbee component is the industry standard for smart meters to communicate with IHDs. This technology is flexible enough to allow the consumer the choice of HAN and IHDs. Vermont utilities are developing a business process that will allow them to identify, certify and register customer owned HANs and IHDs.

Communications Network

The communications network has the ability to transmit prices and control signals from the utility to the meter, as well as information from the meter to IHDs and other HAN devices. There are two primary types of communications networks: RF and PLC. VEC already has a PLC system, and WEC plans to install one. CVPS, GMP, and BED plan to install RF systems.

Power Line Carrier

In PLC, the utilities use technology called Power Line Carrier, in which signals are sent over the electric line to communicate with the meters. PLC systems operate something like cable television systems, where all meters on a

common distribution line from the electric substation monitor a single broadcast channel, on a fixed frequency transmitted over the electric power conductor. Sophisticated devices at the substation query specific meters to respond at specific times on this same channel. PLC works well in rural areas as the transmission can travel great distances. The system becomes increasingly less efficient as density increases however, as all meters share the same frequency. Furthermore, the data rates the system can support are significantly hampered by the presence of step-down transformers; the process of bypassing these transformers is either expensive or significantly limits throughput.

Radio Frequency

In RF network, the utility uses radio frequencies broadcast throughout neighborhoods to communicate with the smart meters installed at customer facilities. With RF systems, two-way communication between the utility and the meter is enabled by unlicensed, low-power RF chips in the AMI meters at customers' premises. A network of gateway RF collectors mounted on utility poles or in the meter is used to channel unlicensed, low power RF communications from hundreds of meters in their vicinity to the utility's head-end AMI master station. The communication between meters and collectors forms an "RF Mesh" meter network or Local Area Network (LAN).

An RF Mesh network is a 900 MHz radio-based network which is hierarchical in design. Meters pass data along a "daisy chain" to a concentrator and then to the utility head-end system. Mesh architecture does not require line of sight to communicate with concentrators – each meter becomes a repeater, providing path diversity to communicate around local obstacles. The network is self healing: it still operates when a device becomes inoperable or a connection is impaired, since alternate communication paths are available.

From the LAN, data communications will be transmitted along the Intermediate Network. The Intermediate Network is a wireless communications network between substations and field-based control points, such as meter data collectors and distribution automation devices. Because the Last Mile Network covers a very limited, targeted geographical area, the Intermediate Network is required to deliver the signal from the control points to the Backhaul Network terminated at the distribution substation. The Intermediate Network may interface with the planned Vermont Transco LLC fiber network currently being installed at most electric distribution substations.

Head-End System

The head-end system is the hardware and software used to process the collected usage data and to transmit data on the communication network to the meters. The Head-End system includes the AMI Master Station, the Meter Data Management System (MDMS) and the Web Presentment system.

The Master Station performs several important functions including the management of the AMI communications network, scheduling and collection of meter readings, and coordination of routine customer and meter changes to ensure that all meters are read. It also interfaces with the utility's enterprise systems to provide seamless integration. The Master Station is flexible enough to support the growing needs of a utility to provide network monitoring, control of grid management, and reporting capabilities. Remote firmware upgrades and system configuration are also managed by the Master Station.

The MDMS is a sophisticated database or repository for the enormous amount of data that will be recorded from the meters each day. This will include usage data for up to 5 minute intervals for each customer.

Web Presentment provides the consumer with tools to view the data stored in the MDSM, to better manage their energy consumption by allowing customers to perform their own rate comparisons, i.e. which rate is best for their service profile; usage history comparison/analysis and link to energy saving programs, tips and strategies.

D. Supply Sources

Vermont electric requirements are met through owned or contracted reserves and participation in the ISO-NE wholesale electricity market.¹⁷ The ISO-NE market is a competitive wholesale market where owners of generation can sell their output into the market and load serving entities purchase their requirements from this market. To the extent that a participant in the marketplace produces electricity in excess of the demand of its customers, it can sell the excess into the wholesale market to other participants. Vermont's committed supply sources are a mix of fuel types, sizes, operating cycles, contracts, and owned units, these units are all sold into the wholesale market. Some units are bid (McNeil), some are scheduled (HQ) and some run when they have fuel available (hydro). Vermont utilities use the proceeds from these sales to hedge purchases to serve their load. Table 2-13 and Figures 2-7 and 2-8 show sources of energy contracted or produced by Vermont electric utilities.

Through early 2012 Vermont receives about one third of its electric energy from nuclear sources. The majority of this comes from the Vermont Yankee Nuclear Station. Vermonters are still receiving a small amount of energy based on their ownership share of the Millstone 3 Nuclear Plant in Connecticut. Under orders issued by the FERC, Vermonters continue to pay the closure costs for Maine Yankee, Connecticut Yankee, and Yankee-Rowe.

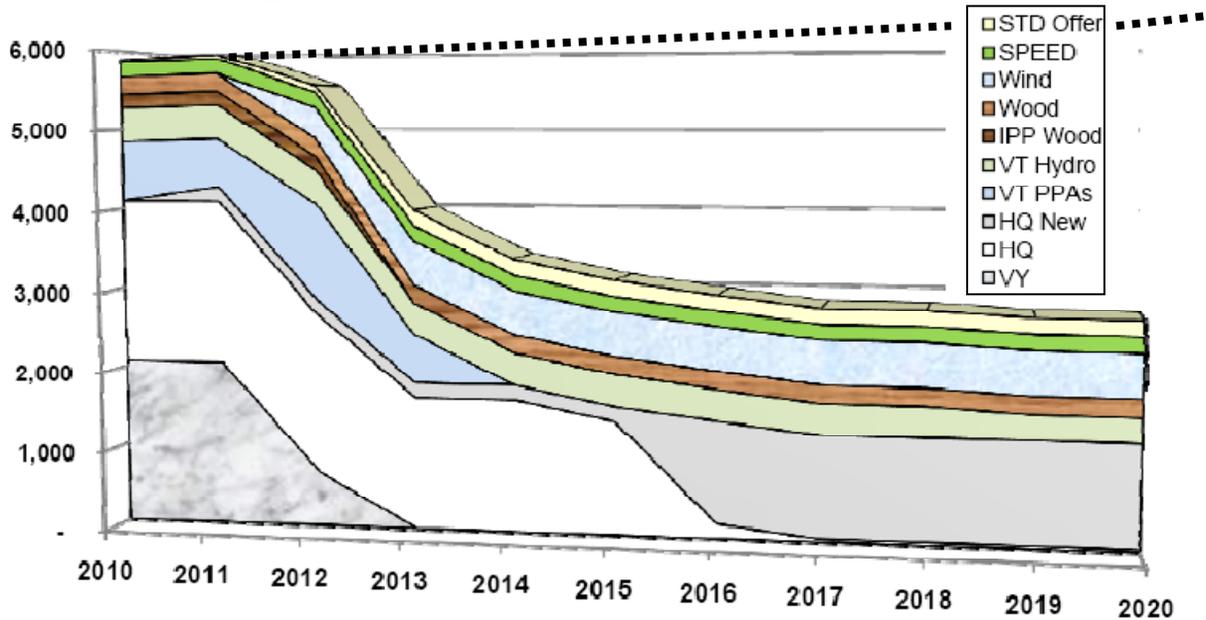
A significant portion of in-state generation comes from renewable resources, including utility owned hydro sites, wind sites, and the wood-fired McNeil Station, plus independent power producers using hydro, landfill gas, and wood. Vermont has contracted with Independent Power Producers that meet the criteria under federal law, the Public Utility Regulatory Policies Act (PURPA), for Qualifying Facilities (QFs). QFs produce electricity using renewable resources or they must cogenerate. The Vermont Electric Power Producers, Inc. (VEPPI) is designated by the PSB as the agent for the QFs, to aggregate the electrical output, and allocate it to Vermont utilities. Table 2-13 summarizes the historical and committed resources going forward.

¹⁷ ISO-NE is a "day-ahead - hourly" marketplace. This means that wholesale electricity suppliers and generators, as well as load, will bid their resources into the market the day before and submit separate bids for each resource or load requirement for each hour of the day. The bids are stacked in dollar terms from lowest to highest and matched with the hourly demand bids each hour in the next day. By matching the prices for bids and demand, a day ahead clearing price is established. Load and generation that cleared is committed to that price for the amounts that cleared. The real time market addresses variations from these day ahead committed amounts. The ISO-NE Operations staff determines a bid based dispatch sequence for the next day, based on anticipated load. The actual load and the bid based generation costs create a real time energy price. This is the price that will be paid to all suppliers by buyers who purchase power from this residual market. Any deviations by suppliers or load serving entities which differ from the day ahead amounts will be settled at this new price. The competitiveness of the market is driven by the fact that if a supplier bids too high price for their resources, then the unit generator is not dispatched and the supplier receives no revenue. This encourages the supplier to bid the most competitive prices in order to compete for dispatch in the wholesale marketplace at http://www.iso-ne.com/about_the_iso.

Table 2-13 Vermont's Committed Resources, 2005 – 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
VY	2,064	2,064	688								
HQ	2,034	2,034	2,004	1,661	1,661	1,419	179	39	39	39	33
VT Hydro	428	428	428	401	401	401	390	383	377	308	306
IPP Wood	169	169	169	-	-	-	-	-	-	-	-
Wood	225	225	225	225	225	225	225	225	225	225	225
New HQ	-	187	187	187	187	187	1,279	1,279	1,279	1,279	1,279
Wind	-	-	382	547	547	547	547	547	547	547	547
SPEED	191	191	191	191	191	191	191	191	191	191	191
STD Offer	27	47	87	194	194	194	194	194	194	194	194
ST PPAs	750	600	1,200	600							
Committed Supply	5,888	5,944	5,561	4,006	3,406	3,164	3,005	2,859	2,853	2,784	2,775
Load	6,077	6,100	6,136	6,157	6,182	6,200	6,213	6,215	6,231	6,247	6,277
Load - Com. Supply =	190	155	574	2,151	2,776	3,036	3,207	3,356	3,378	3,463	3,502

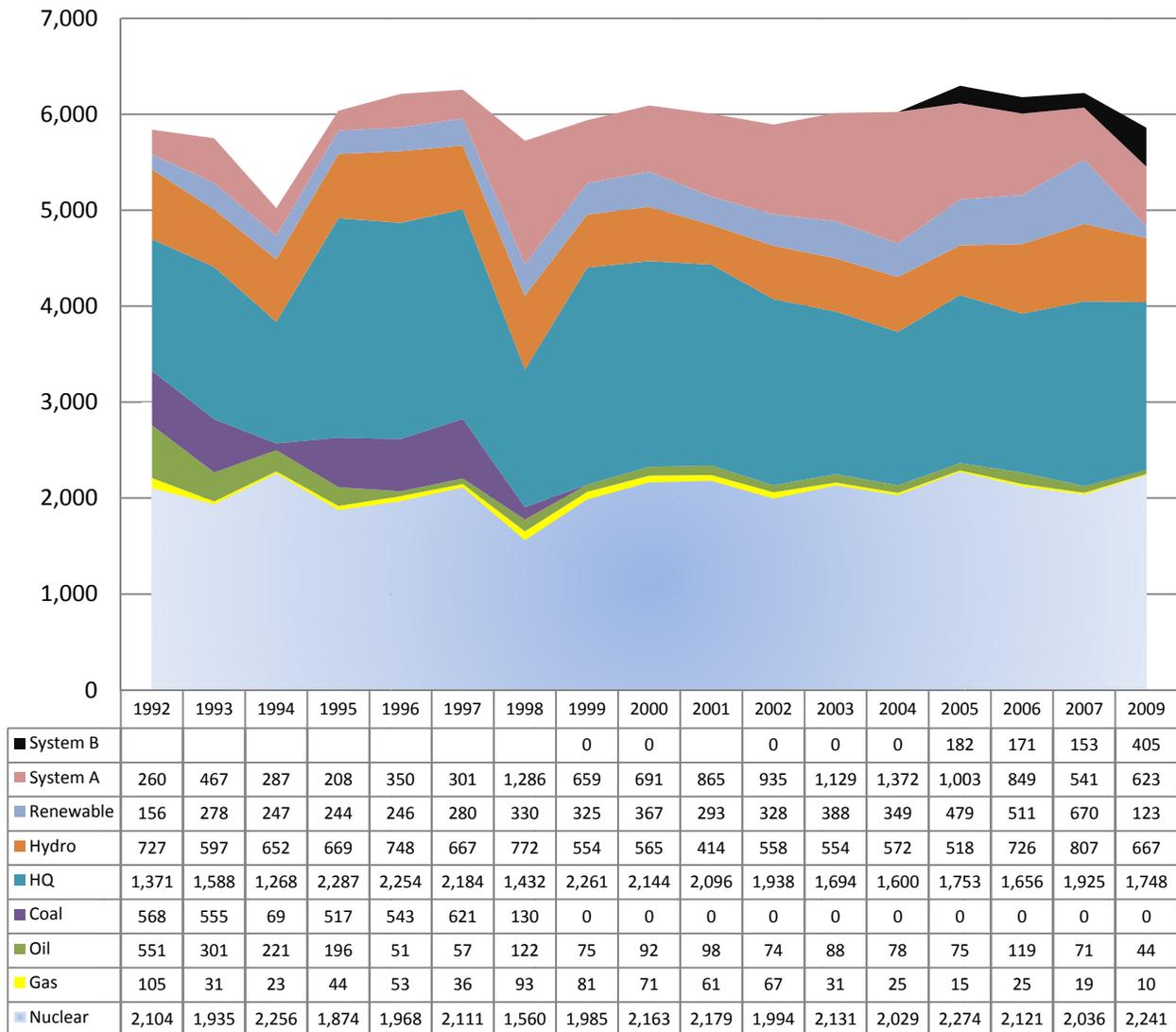
Figure 2-7 Vermont's Committed Resources, 2005 – 2020



*'HQ New' reflects the terms of a recent 26 year purchase power agreement (PPA) between Hydro Quebec and several Vermont electric utilities for up to 225 MW of energy starting in November 2012 extending through 2038.

Source: DPS

Figure 2-8 Vermont's Electrical Energy Supply by Source 1992-2009 (MWh)



Source: Vermont DPS

* Note: System A are market purchases of energy by Vermont utilities; System B is energy produced by Vermont renewable facilities where the REC's (Renewable Energy Credits) have been sold to third parties who now own and claim those environmental attributes.

Table 2-14 Vermont Electric Utilities by Energy Source, 2009

	Total =	Nuclear	HQ	Hydro Renewable	System A	System B	Other Renewable	Oil	Gas
CVPS	2,336,876	1,266,616	673,209	198,602	0	136,164	27,050	35,235	0
GMP	1,976,245	886,551	739,693	221,943	19,487	53,241	40,709	7,810	6,811
VEC	465,286	76,370	203,113	52,273	118,753	0	14,777	0	0
BED	360,300	0	0	29,217	208,013	108,772	14,098	0	200
VtMarble	178,443	0	13,414	62,063	96,381	0	6,702	-116	0
WEC	82,847	0	14,346	16,241	0	50,503	1,757	0	0
Lyndonville	78,505	0	19,853	8,640	35,896	11,035	2,548	190	343
Stowe	70,795	0	22,827	5,762	31,453	0	8,822	643	1,287
Swanton	58,450	0	0	38,037	9,898	10,536	-327	102	204
Ludlow	48,275	0	8,109	4,578	30,041	4,152	486	300	609
Morrisville	46,558	11,424	16,178	7,178	0	10,622	1,157	0	0
Hardwick	37,314	0	0	7,827	21,218	6,303	1,153	268	545
Northfield	30,570	0	9,774	2,725	12,804	4,118	1,149	0	0
Enosburg	22,943	0	10,831	3,418	2,510	5,304	876	4	0
Barton	17,386	0	9,302	3,628	0	4,011	441	4	0
Johnson	15,992	0	0	1,266	14,281	0	445	0	0
Hyde Park	12,996	0	2,287	1,568	8,820	0	320	0	0
Orleans	12,129	0	4,667	1,053	6,025	0	383	0	0
Jacksonville	5,832	0	0	902	4,778	0	152	0	0
Readsboro	2,625	0	0	369	2,188	0	67	0	0
Total	5,860,369	2,240,961	1,747,603	667,292	622,548	404,761	122,765	44,440	10,000

Vermont Yankee Nuclear Power Station

Vermont Yankee (VY) began generating commercially in 1972 and is licensed to operate until March 21, 2012. It is a 640 MW boiling water reactor (BWR) and is located in Vernon, Vermont. VY has generated an average of more than 3.4 billion kWh annually, achieving a cumulative average output of over 80% of its maximum potential. The rolling three-year average cost is 4.86 cents per kWh. To run beyond March 21, 2012, Entergy Nuclear Operation and Entergy Nuclear Vermont Yankee need to obtain a federal license for an additional twenty years from the U.S. Nuclear Regulatory Commission as well as permission from the Vermont General Assembly and a Certificate of Public Good from the Public Service Board. The state and the federal process have different criteria for reviewing additional years of operation. At the time of publication of this report, Entergy had received its federal license for an additional twenty years of operation.

Oil and Gas

Vermont utilities own and operate several oil fired peaking facilities scattered throughout the state. While these facilities generally do not provide much energy, they are important as backup supply for system reliability and act as a price hedge during regional price spikes. GMP has recently upgraded and refurbished its Essex peaking facility and there is discussion among Vermont utilities about possible construction of an additional peaking facility north of Burlington. Vermont utilities own shares of the Yarmouth 4 oil fired unit in Maine and the Stony Brook oil/gas facility in Massachusetts. These are aging fossil fueled units which cannot remain price competitive with more efficient combined cycle units in New England, and as a result have seen their operating time diminish substantially. Historically, Vermont utilities have also regularly purchased shorter-term contracts with other oil and gas fired units in New England. The advent of retail competition and the establishment of wholesale competition has sparked a flurry of

power station construction and proposals - fueled by natural gas - in New England. These gas power systems are far more efficient than the average of the existing fleet. Vermont consumers have access to these sources through the ISO-NE market.

Hydro-Québec (HQ)

The current HQ contract was approved in 1990 by the PSB; it is a 30 year agreement between a group of eight Vermont utilities, known as the Vermont Joint Owners (VJO) to purchase additional long term baseload power from HQ and to make it available at wholesale to the rest of Vermont's utilities. This HQ/VJO contract provided for increasing purchases of power from 51 MW in 1994 to approximately 310 MW in 2001 as shown in Table 4-4. Part of this power was to replace a 150 MW contract with the DPS and other medium term contracts signed between Vermont utilities and HQ in the 1980s. The remainder was intended to cover expected load growth. The contract requires the VJO to take energy at an annual capacity factor of 75%. Its capacity cost, based on the projected carrying cost of a new coal unit, remains fixed for each 20 year contract schedule, once delivery begins under that schedule. This contract is a “take or pay” arrangement, meaning that regardless of whether the Vermont utilities have the need for the power for which they have contracted, they must still pay for it. (Wholesale power markets provide Vermont utilities the opportunity to resell excess HQ power.) Currently the average cost of the HQ/VJO power is about 6.7 cents/kWh, which puts it above the cost of market alternatives in 2010. HQ/VJO power is stably priced, immune to escalating fuel prices and retrofit costs, is not tied to the operation of any single plant, and does not contribute to the air quality problems of our region.

Recently Vermont electric utilities have signed a 26-year contract with HQ Energy Services, a subsidiary of Hydro-Quebec that will provide renewable low-emission energy. Under the agreement, Vermont will purchase up to 225MW of energy from HQ Energy Services starting in November 2012 and ending in 2038. The price will start at approximately 5.8 cents per kWh. In addition, HQ Energy Services and the Vermont utilities will share any future revenues related to environmental attributes of HQ power generation flowing into Vermont. The Vermont Public Service Board has approved this transaction.

Other Power Contracts

In addition to contracts with HQ, Vermont utilities may have a variety of short and medium-term contracts with neighboring utilities within NEPOOL and New York. Vermont utilities having excess power at times in their portfolios are also involved in various types of sales with the region.

Hydro

Vermont has 46 utility owned hydro sites and approximately 35 independently owned hydro sites that produce about 10% of its electric energy. All hydro facilities of significant size are licensed by the FERC. Periodically these plants have to renew their licenses. Generally, the re-licensing process results in permit conditions that require owners of these plants to sacrifice some operating flexibility and production in order to mitigate the environmental impacts of their facilities. For some hydro facilities, this has resulted in a 10-20% loss of energy production.

Table 2-15 VEPP Hydro Contracts

<i>Project</i>	VEPP, Inc. Producers		<i>Contract Ending Date</i>
	<i>Annual Output(kWH)</i>	<i>Capacity(kW)</i>	
Barnet	1,814,000	490	Oct. 31, 2016
Comtu	2,367,970	460	December 31, 2018
Dewey's	6,903,800	2,790	January 31, 2016
Dodge	27,000,000	5,000	Dec. 14, 2020
Emerson	700,000	230	October 31, 2015
Killington	295,400	100	May 31, 2016
Worcester Hydro	400,000	170	Oct. 31, 2016
Martinsville	712,000	250	January 31, 2009
Moretown 8	2,519,000	920	Jan. 31, 2019
Nantana Mill	760,000	220	March 31, 2020
Newbury	1,096,268	270	Oct. 31, 2017
Ottauquechee	5,834,000	2,180	Aug. 31, 2017
Sheldon Springs	70,808,000	26,380	Mar. 31, 2018
Slack Dam	1,950,000	410	Oct. 31, 2017
Winooski 8	3,500,000	910	Dec. 31, 2015
Winooski 1	29,000,000	7,300	Mar. 31, 2013
Woodside	729,000	120	April 30, 2017
Ryegate	173,412,000	20,500	Oct. 31, 2012

Notes:

- 1) "Annual Output" is an estimate (provided by the Producers) of average yearly production.
- 2) "Capacity" listed is maximum capacity. In some months the capacities for some of the hydros decrease because of statistical water flows.

Wind Power

In late 1997, Green Mountain Power (GMP) commissioned the first utility-owned, commercial scale, wind generating facility in the U.S. GMP received grants from U.S. DOE and the Electric Power Research Institute (EPRI) to support this work. The facility, located in Searsburg, Vermont, consists of 11 wind turbines with combined capacity of 6 MW. This project has been a catalyst for further wind power development in New England. Recent estimates suggest that Vermont has the wind potential to satisfy as much as 10% of the state's electricity needs. Table 2-16 presents the current status of wind energy in Vermont.

Additional proposed wind projects include:

Table 2-16 Status of Vermont Wind Projects

Utility Scale Wind Projects in Vermont						
<i>Name of Project</i>	<i>Developer</i>	<i>Location</i>	<i># Turbines</i>	<i>Turbine Output</i>	<i>Project Capacity:</i>	<i>Status</i>
Searsburg	enXco – Green Mountain Power	Searsburg	9	.5 MW	4.5 MW	Operating
Deerfield	enXco	Searsburg & Readsboro	17	2 MW	34 - 35.7 MW	Received a CPG with conditions
Georgia Mountain Community Wind Project	Georgia Mountain Community Wind, LLC	Milton and Georgia	5	1.5 - 2.5 MW	7.5 MW	Received a CPG with conditions
Kingdom Community Wind	Green Mountain Power	Lowell	16-21	1.5 - 3.0 MW	63 MW	Received a CPG with conditions
UPC Sheffield	UPC Wind LLC	Sheffield & Sutton	26	2 MW	52 MW	In construction

Biomass/Wood

Vermont has over 70 MW of generating capacity from wood. The Burlington Electric Department McNeil Station is the largest (53 MW) utility-owned wood-fired generator in the U.S. It is an important instate generating source that creates a market for low grade wood and helps to insulate the state from volatility in prices. It is also important for electric system reliability in Chittenden County.

Ryegate Power Station produces 20 MW of power from wood. This privately owned, non-utility generation plant has been in operation since 1992, selling power under the PURPA law. The public's increasing awareness of environmental impacts and degradation that result from fossil fuel generation make biomass fuels and generation plants like McNeil and Ryegate more attractive. (See Pg 93- Table 2-13; Ryegate is the state's QF that uses wood.)

Several facilities in Vermont have invested in wood energy systems. Camp Johnson (Vermont National Guard facility) has specified a modern wood chip-fired heating system. The Newport state office building will be heated by a modern wood chip system. The Montpelier wood-fired district energy system (Capitol complex) has installed an automated wood handling system.

The Vermont Department of Forests, Parks & Recreation monitors forest harvest and the production of wood fuel on an annual basis as part of an effort to follow trends in sustainable forest use and status. This activity, combined with a periodic federal forest inventory of the state, provides a good picture of the present state of wood availability.

Methane Sources

When solid waste is disposed of at landfills, it decomposes and produces gases that include methane, a flammable gas. Vermont has several landfill methane generating stations, including units located in Burlington, Brattleboro, Middlesex and Coventry, which convert this potent greenhouse gas into electricity.

Methane is also emitted from volatile solids or animal waste. Eight Vermont farms have installed or are in the process of installing anaerobic digesters to produce electricity from the methane recovered from cow manure. In addition to producing energy and reducing the amount of methane emitted into the atmosphere, this process also reduces water pollution and produces a high quality fertilizer as a co-product.

Renewable Energy Credits (RECs)

Beginning in 2004 legislatures in various New England states required that their load serving entities obtain a certain percentage of their energy needs from renewable sources. To demonstrate compliance with this mandate, load servers were allowed to purchase the attributes of various qualified renewable sources. A NEPOOL Generator Information System (“NEPOOL GIS”) was developed to create and to track the ownership of these attribute certificates, or Renewable Energy Certificates (REC”). Each MWH generated by a qualified facility earns one REC. Quantities of certificates are banked electronically by the GIS system and owners are free to trade them. Transfers of certificates are recorded through the GIS as well.

Since Vermont currently does not have a requirement for its utilities to retain these attributes, several Vermont utilities have been selling these certificates. As a result of selling the renewable attributes, this generation can no longer be claimed as renewable. To reflect this a category called “System B” power was created which represents power from which the attributes have been sold. The power is then considered to have the attributes of the New England system residual mix. Beginning in 2005, this change is reflected in all reporting.

Regional Greenhouse Gas Initiative (RGGI)

RGGI is the first mandatory, market-based CO₂ emissions reduction program in the United States

RGGI is composed of individual CO₂ Budget Trading Programs in each of the eight participating states. Through independent regulations, based on the RGGI Model Rule, each state’s CO₂ Budget Trading Program limits emissions of CO₂ from electric power plants, issues CO₂ allowances and establishes participation in regional CO₂ allowance auctions.

Regulated power plants can use a CO₂ allowance issued by any of the ten participating states to demonstrate compliance with an individual state program. In this manner, the ten state programs, in aggregate, function as a single regional compliance market for CO₂ emissions.¹⁸

The Implementation and Operation of RGGI

On December 20, 2005, seven states announced an agreement to implement the Regional Greenhouse Gas Initiative. The states that agreed to sign the MOU are Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, and Vermont. Subsequently Maryland enacted legislation in April, 2006, that requires Maryland to become a full

¹⁸ <http://www.rggi.org/design>

participant in the process by June 30, 2007. In addition, the District of Columbia, Massachusetts, Pennsylvania, Rhode Island, the Eastern Canadian Provinces, and New Brunswick are observers in the process.

On August 15, 2006, the participating states issued a model rule for the RGGI program. The states made substantial revisions to the draft model rule in response to public comments. The RGGI MOU calls for participating states to *stabilize* electric generator sector CO₂ emissions over the first six years of program implementation (2009-2014) at a level roughly equal to current emissions. The initial regional cap is 188 million tons of CO₂.

From 2015 through 2018, emissions would be reduced by 2.5% each year to achieve a 10% reduction in 2018 from the initial 2009 annual emissions budget.

The RGGI MOU apportions CO₂ allowances among participating states through a process based on historical emissions and negotiation among the signatory states. Together, the emissions budgets of each participating state comprise the regional emissions budget, or RGGI "cap." The base annual CO₂ emissions were apportioned to the states as follows (Table -17):

Table 2-17 Initial Emission Apportionment

State	Short tons CO ₂
Connecticut	10,695,036
Delaware	7,559,787
Maine	5,948,902
New Hampshire	8,620,460
New Jersey	22,892,730
New York	64,310,805
Vermont	1,225,830

This allocation schedule is to remain constant through 2014. From 2015 through 2018 the CO₂ cap is reduced according to the schedule presented in Table 2-18.

Table 2-18 Regional Annual CO₂ Emissions Budget

Year	(all Participating states)	
	Short Tons	Percent Change
2009 to 2014	188,076,976	
2015	183,375,052	-2.5%
2016	178,673,127	-2.6%
2017	173,971,203	-2.6%
2018	169,269,278	-2.7%

In the 2005 Memorandum of Understanding (MOU), the RGGI participating states each committed to allocate a minimum of 25 percent of their CO₂ allowances for consumer benefit or strategic energy purpose. In practice, the RGGI participating states have each chosen to auction the vast majority of their CO₂ allowances and invest the proceeds in consumer benefit programs. Subsequently, Vermont has chosen to allocate the proceeds from the sale of allowances to fund Vermont programs that promote energy efficiency. Proceeds from the sale of carbon credits are deposited into the Fuel Efficiency Fund.

The first auction was held on July 24, 2008 and the 10th auction was held in December 2010. The market clearing price for the 2009-2011 CO₂ allowance compliance period is illustrated in Figure 2-8.

**Figure 2-9 RGGI: Auction Clearing Price
2009 CO₂ Allowances
Auction "Floor Price" = \$1.86**

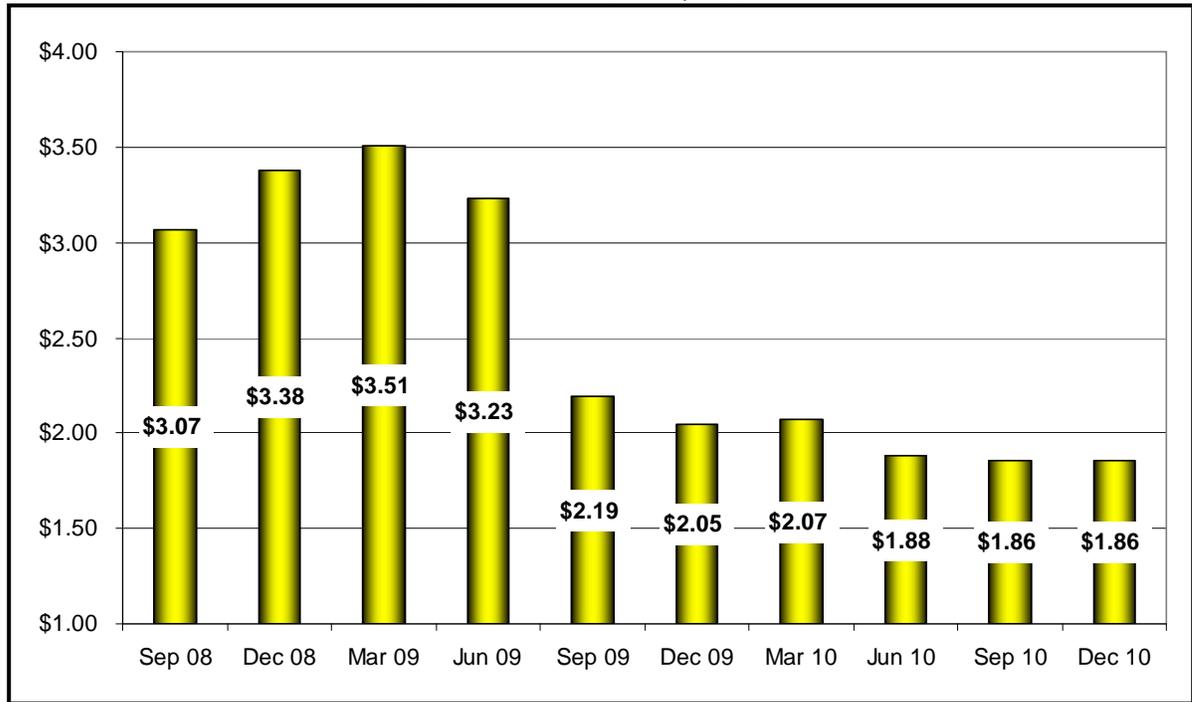


Figure 2-10 presents the RGGI historical market clearing prices for the 2012-2014 compliance periods.

The economic slowdown and reduced demand for electricity has resulted lower than projected CO₂ emissions resulting in lower clearing prices for 2012. This decline is evident in Figure 2-11.

**Figure 2-10 2012 CO2 Allowances
Auction "Floor Price" = \$1.86**

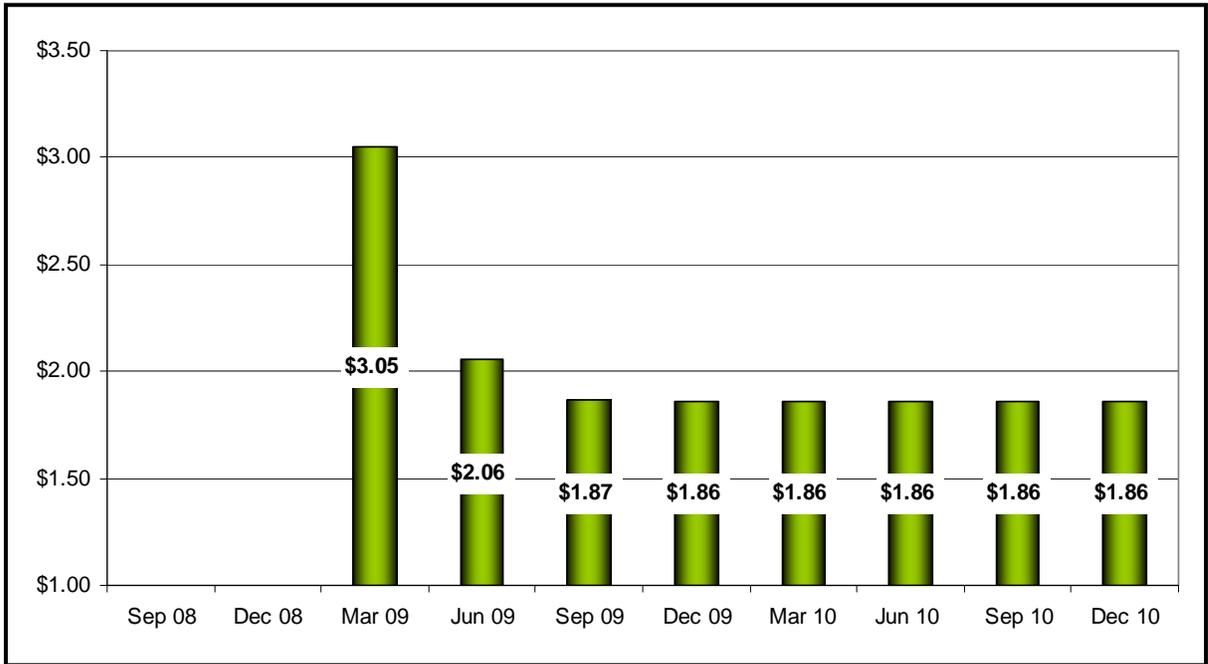
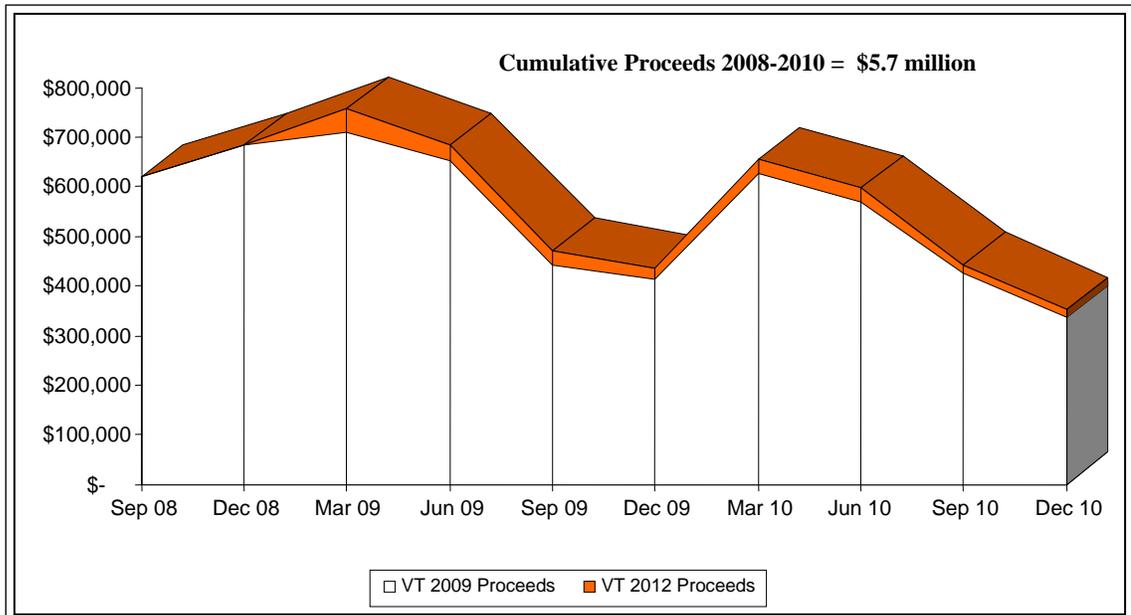


Figure 2-11 summarizes the Vermont proceeds for each of the 10 RGGI auctions.

Figure 2-11 RGGI: VT Total Proceeds By Auction

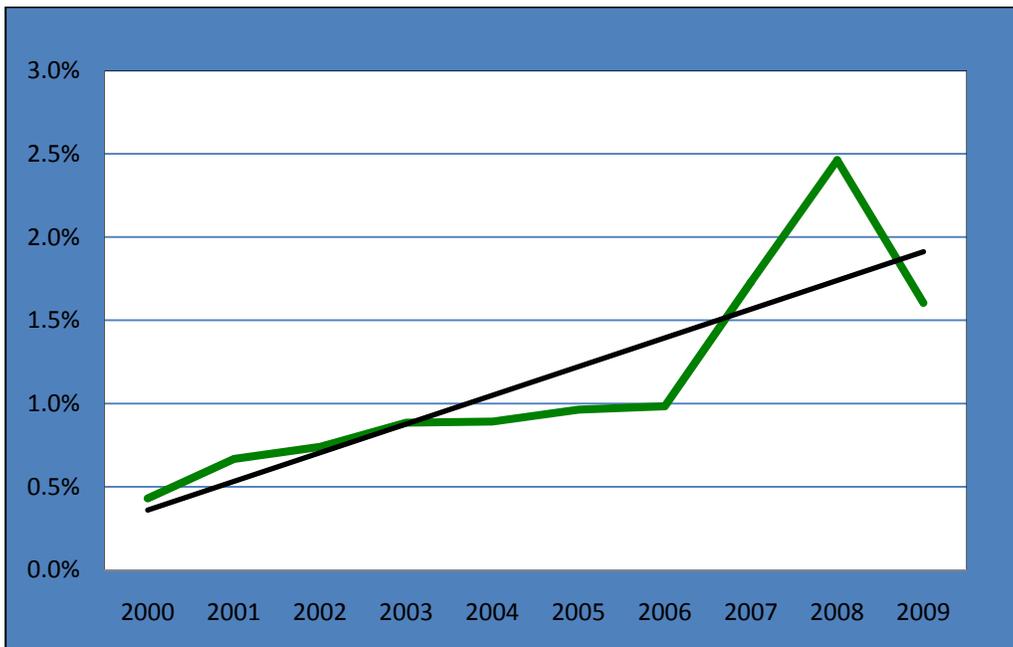


Demand Side Management

Electric Utility DSM Programs

Electric energy efficiency programs in Vermont are delivered by the State’s two Energy Efficiency Utilities – Efficiency Vermont (EVT) and Burlington Electric Department. (BED) – operating under an Order of Appointment. For further information about Efficiency Vermont’s and Burlington Electric Department’s programs and services, call Efficiency Vermont toll-free at 1-888-921-5990 or visit their Web site at www.encyvermont.com; or in BED’s territory call 1-802-865-7342 or visit www.burlingtonelectric.com.

Figure 2-12 Annual Electric Energy Efficiency Savings as a Percent of Energy Consumption



Source: Savings from programs delivered via funding from Efficiency Vermont, Burlington Electric Department, and the Green Mountain Energy Efficiency Fund.

Figure 2-13 Annualized Energy Efficiency MWh Savings – Efficiency Vermont & Burlington Electric Department

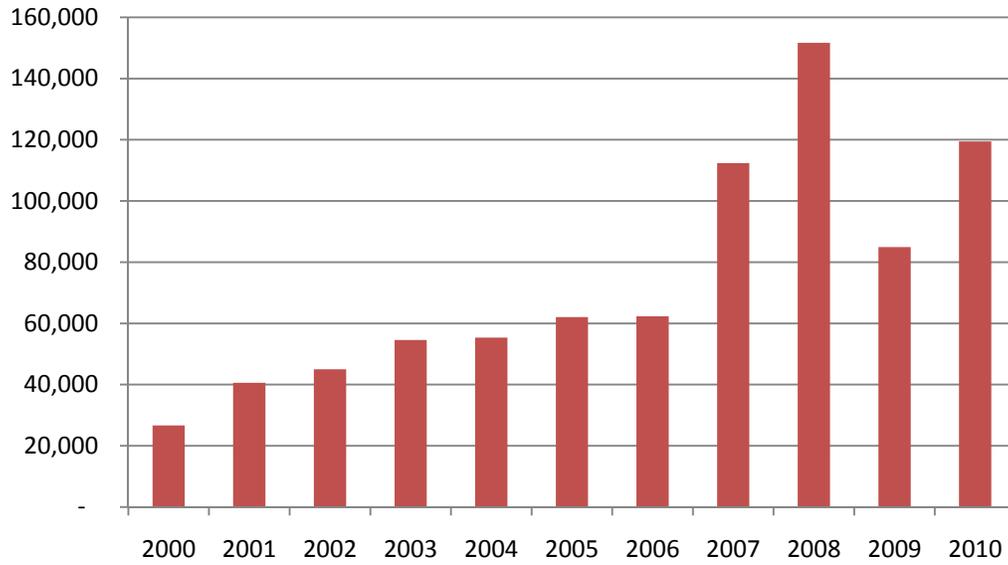


Table 2-19 Vermont Electric Utilities: Condensed Operating Statements 2009

	Total Revenues	Operation Expenses	Maintenance Expenses	Depreciation Expense	Amortization Expense	Property Loss	Non Income Taxes	Federal Income Tax	Other Income Tax	Total Utility Operations Expense	Net Utility Operating Income	Total Other Income	Total Other Income & Deductions	Net Interest Charges	Net Income
Load Serving Entities															
Investor Owned															
CVPS	\$341,011,607	\$260,621,857	\$24,204,135	\$15,994,734	\$926,332	\$0	\$16,265,280	\$5,033,224	(\$929,989)	\$322,115,573	\$18,896,034	\$19,601,125	\$6,147,590	\$11,600,229	\$20,749,340
GMP	\$241,486,603	\$187,490,684	\$12,480,290	\$12,499,981	\$3,687,737	\$0	\$8,283,501	\$8,788,883	(\$259,137)	\$232,971,939	\$8,514,664	\$16,675,454	\$68,072	\$9,547,289	\$15,574,757
Vermont Marble	\$14,725,852	\$11,123,629	\$944,232	\$1,388,857	\$0	\$0	\$755,372	\$461,986	\$0	\$14,674,076	\$51,776	\$0	\$0	\$0	\$51,776
Subtotal	\$597,224,062	\$459,236,170	\$37,628,657	\$29,883,572	\$4,614,069	\$0	\$25,304,153	\$14,284,093	(\$1,189,126)	\$569,761,588	\$27,462,474	\$36,276,579	\$6,215,662	\$21,147,518	\$36,375,873
Municipal															
Barton	\$2,352,472	\$1,891,703	\$90,798	\$216,982	\$0	\$0	\$143,707	\$0	\$0	\$2,343,190	\$9,282	\$63,220	\$0	\$161,649	(\$89,147)
BED	\$52,309,121	\$41,984,039	\$2,548,252	\$4,927,831	\$844,119	\$195,297	\$2,103,414	\$0	\$0	\$52,602,952	(\$293,831)	\$2,138,490	\$211,871	\$5,621,904	(\$3,989,116)
Enosburg	\$3,466,988	\$3,018,154	\$181,646	\$258,966	\$0	\$0	\$149,651	\$0	\$0	\$3,608,417	(\$141,429)	\$104,112	\$0	\$74,125	(\$111,442)
Hardwick	\$5,574,930	\$4,646,396	\$342,242	\$196,959	\$804	\$0	\$323,288	\$0	\$0	\$5,509,689	\$65,241	\$146,070	\$0	\$142,891	\$68,420
Hyde Park	\$1,824,510	\$1,781,849	\$74,409	\$75,702	\$0	\$0	\$79,598	\$0	\$0	\$2,011,558	(\$187,048)	\$36,062	\$0	\$3,298	(\$154,284)
Jacksonville	\$846,039	\$776,066	\$83,815	\$48,729	\$0	\$0	\$28,251	\$0	\$0	\$936,861	(\$90,822)	\$36,382	\$0	\$0	(\$54,440)
Johnson	\$2,111,956	\$2,241,931	\$103,881	\$97,358	\$0	\$0	\$36,108	\$0	\$0	\$2,479,278	(\$367,322)	\$141,492	\$0	\$32,378	(\$258,208)
Ludlow	\$6,788,932	\$7,070,532	\$214,746	\$169,503	\$0	\$0	\$210,423	\$0	\$0	\$7,665,204	(\$876,272)	\$100,961	\$0	\$5,167	(\$780,478)
Lyndonville	\$9,396,021	\$8,719,550	\$435,582	\$365,706	\$0	\$0	\$416,126	\$0	\$0	\$9,936,964	(\$540,943)	\$840,893	\$0	\$3,815	\$296,135
Morrisville	\$6,425,616	\$5,692,792	\$247,305	\$456,596	\$0	\$0	\$267,810	\$0	\$0	\$6,664,503	(\$238,887)	\$316,975	\$0	\$230,157	(\$152,069)
Northfield	\$3,728,485	\$3,880,656	\$47,346	\$136,335	\$0	\$0	\$69,067	\$0	\$0	\$4,133,404	(\$404,919)	\$121,254	\$0	\$36,629	(\$320,294)
Orleans	\$1,460,855	\$1,563,021	\$0	\$57,983	\$0	\$0	\$45,135	\$0	\$0	\$1,666,139	(\$205,284)	\$201,417	\$0	\$2,498	(\$6,365)
Readsboro	\$326,509	\$400,790	\$3,300	\$6,075	\$2,986	\$0	\$3,806	\$0	\$0	\$416,957	(\$90,448)	\$79,999	\$0	\$97	(\$10,546)
Stowe	\$10,175,537	\$7,762,648	\$1,124,283	\$218,799	\$80	\$0	\$196,495	\$0	\$0	\$9,302,305	\$873,232	\$205,184	\$50,276	\$111,937	\$916,203
Swanton	\$5,771,874	\$4,440,806	\$547,426	\$735,661	\$38,578	\$0	\$587,617	\$0	\$0	\$6,350,088	(\$578,214)	\$486,652	\$0	\$870,157	(\$961,719)
Subtotal	\$112,559,845	\$95,870,933	\$6,045,031	\$7,969,185	\$886,567	\$195,297	\$4,660,496	\$0	\$0	\$118,627,509	(\$3,067,664)	\$5,019,163	\$262,147	\$7,296,702	(\$5,607,350)
Cooperatives															
VEC	\$70,038,174	\$55,708,613	\$4,617,805	\$3,122,694	\$421,913	\$0	\$666,857	\$0	\$0	\$64,537,882	\$5,500,292	\$1,165,278	\$25,331	\$2,950,329	\$3,689,910
WEC	\$13,616,575	\$8,008,553	\$1,604,045	\$1,878,567	\$0	\$41,616	\$412,454	\$0	\$128	\$11,945,363	\$1,671,212	\$505,462	\$13,553	\$1,508,952	\$654,169
Subtotal	\$83,654,749	\$63,717,166	\$6,221,850	\$5,001,261	\$421,913	\$41,616	\$1,079,311	\$0	\$128	\$76,483,245	\$7,171,504	\$1,670,740	\$38,884	\$4,459,281	\$4,344,079
Total Load Serving Entities															
Other	\$793,438,656	\$618,824,269	\$49,895,538	\$42,854,018	\$5,922,549	\$236,913	\$31,043,960	\$14,284,093	(\$1,188,998)	\$761,872,342	\$31,566,314	\$42,966,482	\$6,516,693	\$32,903,501	\$35,112,602
Vt. Yankee (Generation)	\$183,411,431	\$188,120,515	\$0	\$0	\$0	\$0	\$17,555	(\$1,438,912)	(\$296,349)	\$186,402,809	(\$2,991,378)	\$5,476,091	\$1,724,149	\$203,445	\$557,119
VELCO	\$93,595,937	\$10,675,972	\$6,735,759	\$13,796,130	\$0	\$0	\$10,485,062	\$12,510,824	\$1,429,648	\$55,633,395	\$37,962,542	\$3,248,655	\$12,710	\$12,924,674	\$28,273,813
VETCO (Transmission)	\$1,833,299	\$566,942	\$353,084	\$0	\$0	\$0	\$855,082	\$14,769	\$0	\$1,789,877	\$43,422	\$0	\$0	\$13,965	\$29,457
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$1,072,279,323	\$818,187,698	\$56,984,381	\$56,650,148	\$5,922,549	\$236,913	\$42,401,659	\$25,370,774	(\$55,699)	\$1,005,698,423	\$66,580,900	\$51,691,228	\$8,253,552	\$46,045,585	\$63,972,991

Source: Annual Reports

Table 2-20 Vermont Electric Utilities: Condensed Balance Sheets 2009

Load Serving Entities	Total Utility Plant	Less: Depreciation & Amortization	Net Utility Plant	Other Property & Investments	Current & Accrued Assets	Deferred Debits	Total Assets & Other Debits	Proprietary Capital	Long-Term Debt	Noncurrent & Cur. Accrued Liabilities	Deferred Income Tax	Deferred Credits	Total Liabilities & Other Credits
Investor Owned													
CVPS	\$608,748,597	(\$263,362,108)	\$345,386,489	\$137,094,354	\$85,963,642	\$79,690,436	\$648,134,921	\$240,477,081	\$201,611,004	\$95,108,736	\$85,719,353	\$25,218,747	\$648,134,921
GMP	\$437,588,896	(\$173,738,476)	\$263,850,420	\$115,620,135	\$45,424,297	\$110,865,785	\$535,760,637	\$172,168,645	\$140,000,000	\$84,535,926	\$55,800,976	\$83,255,090	\$535,760,637
VMCO	\$31,754,042	(\$24,429,593)	\$7,324,449	\$0	\$624,955	\$450,696	\$8,400,100	(\$3,188,071)	\$8,000,000	\$3,588,171	\$0	\$0	\$8,400,100
Subtotal	\$1,078,091,535	(\$461,530,177)	\$616,561,358	\$252,714,489	\$132,012,894	\$191,006,917	\$1,192,295,658	\$409,457,655	\$349,611,004	\$183,232,833	\$141,520,329	\$108,473,837	\$1,192,295,658
Municipal													
Barton	\$7,751,427	(\$3,913,618)	\$3,837,809	\$346,827	\$686,432	\$92,656	\$4,963,724	\$1,581,277	\$3,011,256	\$353,174	\$0	\$18,017	\$4,963,724
BED	\$126,251,821	(\$66,428,790)	\$59,823,031	\$34,565,281	\$25,457,863	\$25,159,921	\$145,006,097	\$45,916,065	\$86,515,289	\$9,872,134	\$0	\$2,702,609	\$145,006,097
Enosburg	\$7,126,786	(\$4,635,722)	\$2,491,064	\$146,358	\$1,007,489	\$719	\$3,645,628	\$1,023,232	\$1,149,455	\$1,429,387	\$0	\$43,554	\$3,645,628
Hardwick	\$9,894,504	(\$6,162,045)	\$3,732,459	\$554,885	\$1,134,732	\$7,907	\$5,429,983	\$2,032,812	\$2,329,850	\$1,067,321	\$0	\$0	\$5,429,983
Hyde Park	\$2,457,291	(\$1,894,013)	\$563,278	\$199,130	\$516,493	\$0	\$1,278,901	\$830,626	\$0	\$448,275	\$0	\$0	\$1,278,901
Jacksonville	\$1,346,398	(\$705,598)	\$640,800	\$48,040	\$500,531	\$0	\$1,189,371	\$990,178	\$0	\$199,192	\$0	\$0	\$1,189,371
Johnson	\$2,538,629	(\$1,066,216)	\$1,472,413	\$126,966	\$921,370	\$0	\$2,520,750	\$1,586,650	\$679,992	\$254,108	\$0	\$0	\$2,520,750
Ludlow	\$7,543,299	(\$5,620,325)	\$1,922,974	\$429,974	\$2,016,064	\$0	\$4,369,012	\$2,791,826	\$0	\$1,527,528	\$0	\$49,658	\$4,369,012
Lyndonville	\$12,541,571	(\$7,572,972)	\$4,968,599	\$613,181	\$2,549,369	\$32,992	\$8,164,141	\$4,369,467	\$0	\$3,794,674	\$0	\$0	\$8,164,141
Morrisville	\$18,487,338	(\$10,900,227)	\$7,587,111	\$2,558,298	\$1,896,774	\$0	\$12,042,183	\$6,762,555	\$4,383,503	\$871,190	\$0	\$24,935	\$12,042,183
Northfield	\$4,615,904	(\$2,171,628)	\$2,444,276	\$494,142	\$1,574,101	\$11,258	\$4,523,777	\$3,100,851	\$730,000	\$692,926	\$0	\$0	\$4,523,777
Orleans	\$1,514,633	(\$974,927)	\$539,706	\$146,991	\$1,287,265	\$89,620	\$2,063,582	\$1,326,358	\$0	\$180,779	\$0	\$556,445	\$2,063,582
Readsboro	\$287,143	(\$125,504)	\$161,639	\$16,576	\$87,238	\$32,846	\$298,299	\$260,762	\$0	\$37,537	\$0	\$0	\$298,299
Stowe	\$8,958,317	(\$5,351,526)	\$3,606,791	\$23,332,112	\$5,187,414	\$4,849	\$32,131,166	\$4,815,148	\$23,795,830	\$1,160,809	\$0	\$2,359,379	\$32,131,166
Swanton	\$33,146,853	(\$13,179,030)	\$19,967,823	\$2,422,774	\$3,718,685	\$554,940	\$26,664,222	\$12,792,957	\$13,293,636	\$577,629	\$0	\$0	\$26,664,222
Subtotal	\$244,461,914	(\$130,702,141)	\$113,759,773	\$66,001,535	\$48,541,820	\$25,987,708	\$254,290,836	\$90,180,764	\$135,888,811	\$22,466,663	\$0	\$5,754,597	\$254,290,836
Co-ops													
VEC	\$104,562,938	(\$26,135,936)	\$78,427,002	\$9,871,324	\$13,146,632	\$648,226	\$102,093,184	\$22,824,525	\$51,439,511	\$27,509,338	\$0	\$319,810	\$102,093,184
WEC	\$64,484,838	(\$18,546,103)	\$45,938,735	\$4,681,074	\$5,593,847	\$306,721	\$56,520,377	\$7,782,984	\$32,607,066	\$13,891,517	\$0	\$2,238,810	\$56,520,377
Subtotal	\$169,047,776	(\$44,682,039)	\$124,365,737	\$14,552,398	\$18,740,479	\$954,947	\$158,613,561	\$30,607,509	\$84,046,577	\$41,400,855	\$0	\$2,558,620	\$158,613,561
Total Load Serving Entities													
Other	\$1,491,601,225	(\$636,914,357)	\$854,686,868	\$333,268,422	\$199,295,193	\$217,949,572	\$1,605,200,055	\$530,245,928	\$569,546,392	\$247,100,351	\$141,520,329	\$116,787,054	\$1,605,200,055
Vt. Yankee ¹	\$0	(\$39,284,624)	(\$39,284,624)	\$146,563,345	\$23,925,975	\$393,266	\$131,597,962	\$4,808,907	\$0	\$19,189,222	\$70,204	\$107,529,629 ²	\$131,597,962
VELCO	\$727,984,046	(\$98,071,915)	\$629,912,131	\$1,028,158	\$88,050,150	\$16,336,668	\$735,327,107	\$308,041,859	\$331,406,115	\$56,913,087	\$4,496,728	\$34,469,318	\$735,327,107
VETCO (Transmission)	\$48,608,947	(\$48,608,947)	\$0	\$0	\$1,546,891	\$151,861	\$1,698,752	\$502,158	\$0	\$1,196,594	\$0	\$0	\$1,698,752
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$2,268,194,218	(\$822,879,843)	\$1,445,314,375	\$480,859,925	\$312,818,209	\$234,831,367	\$2,473,823,876	\$843,598,852	\$900,952,507	\$324,399,254	\$146,087,261	\$258,786,001	\$2,473,823,876

Table 2-21 Vermont Electric Utilities: Condensed Operating Statements 2008

	Total Revenues	Operation Expenses	Maintenance Expenses	Depreciation Expense	Amortization Expense	Property Loss	Non Income Taxes	Federal Income Tax	Other Income Tax	Total Utility Operations Expense	Net Utility Operating Income	Total Other Income	Total Other Income & Deductions	Net Interest Charges	Net Income
Load Serving Entities															
Investor Owned															
CVPS	\$342,492,423	\$262,508,648	\$27,991,615	\$15,306,488	\$353,566	\$0	\$12,988,455	\$4,877,806	(\$59,041)	\$323,967,537	\$18,524,886	\$18,231,424	\$8,854,030	\$11,516,971	\$16,385,309
GMP	\$253,144,413	\$198,250,460	\$14,377,131	\$11,383,381	\$2,828,185	\$0	\$7,682,822	\$8,914,197	(\$275,119)	\$243,161,057	\$9,983,356	\$14,953,666	(\$125,188)	\$9,284,477	\$15,777,733
Vermont Marble	\$29,290,651	\$21,348,027	\$1,005,721	\$1,267,269	\$0	\$0	\$628,644	\$71,385	\$0	\$24,321,046	\$4,969,605	\$0	\$0	\$0	\$4,969,605
Subtotal	\$624,927,487	\$482,107,135	\$43,374,467	\$27,957,138	\$3,181,751	\$0	\$21,299,921	\$13,863,388	(\$334,160)	\$591,449,640	\$33,477,847	\$33,185,090	\$8,728,842	\$20,801,448	\$37,132,647
Municipal															
Barton	\$2,233,815	\$1,613,296	\$59,163	\$221,825	\$940	\$0	\$141,046	\$0	\$0	\$2,036,270	\$197,545	\$71,169	\$0	\$161,229	\$107,485
BED	\$49,450,742	\$40,597,400	\$2,674,440	\$4,359,877	\$752,731	\$160,594	\$1,956,639	\$0	\$0	\$50,501,681	(\$1,050,939)	\$1,807,825	\$11,927	\$4,911,299	(\$4,166,341)
Enosburg	\$3,520,325	\$3,069,209	\$0	\$269,549	\$244	\$0	\$138,405	\$0	\$0	\$3,477,407	\$42,918	\$122,116	\$0	\$81,526	\$83,508
Hardwick	\$5,294,216	\$4,556,986	\$302,534	\$188,831	\$804	\$0	\$266,261	\$0	\$0	\$5,315,416	(\$21,200)	\$334,565	\$0	\$139,034	\$174,331
Hyde Park	\$1,731,105	\$1,599,226	\$74,101	\$77,375	\$0	\$0	\$67,687	\$0	\$0	\$1,818,389	(\$87,284)	\$231,819	\$0	\$8,864	\$135,671
Jacksonville	\$764,670	\$648,700	\$30,852	\$48,069	\$0	\$0	\$29,882	\$0	\$0	\$757,503	\$7,167	\$184,346	\$0	\$362	\$191,151
Johnson	\$1,932,901	\$1,913,205	\$90,818	\$84,196	\$0	\$0	\$33,296	\$0	\$0	\$2,121,615	(\$188,714)	\$505,159	\$0	\$30,331	\$286,114
Ludlow	\$6,613,869	\$6,378,585	\$190,719	\$170,190	\$0	\$0	\$206,299	\$0	\$0	\$6,945,793	(\$331,924)	\$611,127	\$0	\$7,731	\$271,472
Lyndonville	\$9,900,406	\$9,556,548	\$491,785	\$394,374	\$0	\$0	\$445,698	\$0	\$0	\$10,888,405	(\$987,999)	\$381,428	\$0	\$2,976	(\$609,547)
Morrisville	\$6,329,431	\$5,235,372	\$214,811	\$448,431	\$0	\$0	\$240,278	\$0	\$0	\$6,138,892	\$190,539	\$412,903	\$0	\$250,004	\$353,438
Northfield	\$3,501,862	\$3,473,940	\$73,588	\$126,867	\$0	\$0	\$64,093	\$0	\$0	\$3,738,488	(\$236,626)	\$432,117	\$0	\$35,575	\$159,916
Orleans	\$1,549,038	\$1,611,591	\$0	\$37,729	\$0	\$0	\$39,204	\$0	\$0	\$1,688,524	(\$139,486)	\$35,701	\$0	\$3,263	(\$107,048)
Readsboro	\$300,628	\$284,018	\$7,998	\$0	\$0	\$0	\$4,014	\$0	\$0	\$296,030	\$4,598	\$49,134	\$0	\$176	\$53,556
Stowe	\$10,122,466	\$9,311,402	\$2,679,891	\$202,790	\$468	\$0	\$192,036	\$0	\$0	\$12,386,587	(\$2,264,121)	\$692,868	\$0	\$57,735	(\$1,628,988)
Swanton	\$5,801,717	\$3,283,414	\$586,823	\$722,552	\$38,578	\$0	\$511,077	\$0	\$0	\$5,142,444	\$659,273	\$551,402	\$0	\$921,823	\$288,852
Subtotal	\$109,047,191	\$93,132,892	\$7,477,623	\$7,352,655	\$793,765	\$160,594	\$4,335,915	\$0	\$0	\$113,253,444	(\$4,206,253)	\$6,423,679	\$11,927	\$6,611,928	(\$4,406,430)
Cooperatives															
VEC	\$67,892,653	\$56,463,239	\$4,166,372	\$2,921,328	\$1,185,954	\$0	\$628,480	\$0	\$0	\$65,365,373	\$2,527,280	\$1,805,712	\$12,300	\$2,908,926	\$1,411,766
WEC	\$13,421,809	\$8,029,138	\$1,643,050	\$1,761,736	\$0	\$41,616	\$289,473	\$0	\$5,644	\$11,770,657	\$1,651,152	\$416,207	\$35,501	\$1,416,604	\$615,254
Subtotal	\$81,314,462	\$64,492,377	\$5,809,422	\$4,683,064	\$1,185,954	\$41,616	\$917,953	\$0	\$5,644	\$77,136,030	\$4,178,432	\$2,221,919	\$47,801	\$4,325,530	\$2,027,020
Total Load Serving Entities	\$815,289,140	\$639,732,404	\$56,661,512	\$39,992,857	\$5,161,470	\$202,210	\$26,553,789	\$13,863,388	(\$328,516)	\$781,839,114	\$33,450,026	\$41,830,688	\$8,788,570	\$31,738,906	\$34,753,237
Other															
Vt. Yankee (Generation)	\$166,103,547	\$168,477,138	\$0	\$0	\$0	\$0	\$16,834	(\$1,579,277)	(\$267,689)	\$166,647,006	(\$543,459)	\$5,640,267	\$2,035,235	\$2,816,704	\$244,869
VELCO	\$75,660,116	\$11,850,891	\$5,720,772	\$10,594,136	\$0	\$0	\$7,405,913	\$12,246,617	\$1,068,292	\$48,886,621	\$26,773,495	\$152,423	\$27,602	\$4,524,879	\$22,373,437
VETCO (Transmission)	\$1,474,721	\$489,552	\$212,286	\$0	\$0	\$0	\$829,264	(\$114,092)	\$0	\$1,417,010	\$57,711	\$0	\$0	\$16,616	\$41,095
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$1,058,527,524	\$820,549,985	\$62,594,570	\$50,586,993	\$5,161,470	\$202,210	\$34,805,800	\$24,416,636	\$472,087	\$998,789,751	\$59,737,773	\$47,623,378	\$10,851,407	\$39,097,105	\$57,412,638

Source: Annual Reports

Note: VEPP (Vermont Electric Power Producers Inc.)

Table 2-22 Vermont Electric Utilities: Condensed Balance Sheets 2008

	Total Utility Plant	Less: Depreciation & Amortization	Net Utility Plant	Other Property & Investments	Current & Accrued Assets	Deferred Debits	Total Assets & Other Debits	Proprietary Capital	Long-Term Debt	Noncurrent & Cur. Accrued Liabilities	Deferred Income Tax	Deferred Credits	Total Liabilities & Other Credits
Load Serving Entities													
Investor Owned													
CVPS	\$585,270,964	(\$252,698,480)	\$332,572,484	\$109,181,389	\$99,089,740	\$116,092,249	\$656,935,862	\$229,532,528	\$183,750,000	\$112,915,185	\$87,800,163	\$42,937,986	\$656,935,862
GMP	\$415,222,506	(\$166,575,383)	\$248,647,123	\$97,383,833	\$44,638,826	\$141,544,184	\$532,213,965	\$166,017,390	\$125,000,000	\$98,045,773	\$68,895,422	\$74,255,380	\$532,213,965
VMCO	\$31,720,424	(\$22,993,974)	\$8,726,450	\$0	\$639,772	\$275,781	\$9,642,003	(\$1,664,023)	\$8,000,000	\$3,306,026	\$0	\$0	\$9,642,003
Subtotal	\$1,032,213,894	(\$442,267,837)	\$589,946,057	\$206,565,222	\$144,368,338	\$257,912,214	\$1,198,791,830	\$393,885,895	\$316,750,000	\$214,266,984	\$156,695,585	\$117,193,366	\$1,198,791,830
Municipal													
Barton	\$7,661,572	(\$3,701,700)	\$3,959,872	\$368,309	\$824,034	\$97,648	\$5,249,863	\$1,670,424	\$3,210,879	\$343,977	\$0	\$24,583	\$5,249,863
BED	\$121,927,674	(\$63,461,584)	\$58,466,090	\$27,522,360	\$14,458,454	\$29,317,854	\$129,764,758	\$49,905,181	\$54,476,294	\$24,050,217	\$0	\$1,333,066	\$129,764,758
Enosburg	\$7,103,344	(\$4,376,756)	\$2,726,588	\$111,255	\$1,125,185	\$963	\$3,963,991	\$1,134,674	\$1,373,287	\$1,423,244	\$0	\$32,784	\$3,963,991
Hardwick	\$9,711,613	(\$5,977,284)	\$3,734,329	\$692,607	\$1,209,711	\$8,712	\$5,645,359	\$1,964,392	\$2,455,267	\$1,225,700	\$0	\$0	\$5,645,359
Hyde Park	\$2,452,007	(\$1,818,310)	\$633,697	\$199,130	\$741,802	\$0	\$1,574,629	\$984,910	\$0	\$589,719	\$0	\$0	\$1,574,629
Jacksonville	\$1,275,338	(\$656,869)	\$618,469	\$39,081	\$817,169	\$0	\$1,474,719	\$1,044,599	\$0	\$430,120	\$0	\$0	\$1,474,719
Johnson	\$2,432,681	(\$968,858)	\$1,463,823	\$99,638	\$1,194,076	\$0	\$2,757,537	\$1,842,043	\$723,220	\$192,274	\$0	\$0	\$2,757,537
Ludlow	\$7,436,487	(\$5,450,822)	\$1,985,665	\$356,162	\$2,754,883	\$0	\$5,096,710	\$3,439,510	\$0	\$1,571,744	\$0	\$85,456	\$5,096,710
Lyndonville	\$11,905,093	(\$7,325,719)	\$4,579,374	\$482,934	\$3,515,694	\$17,156	\$8,595,158	\$4,979,014	\$0	\$3,616,144	\$0	\$0	\$8,595,158
Morrisville	\$16,840,114	(\$10,457,074)	\$6,383,040	\$2,467,467	\$4,185,673	\$0	\$13,036,180	\$6,914,624	\$4,756,751	\$1,333,270	\$0	\$31,535	\$13,036,180
Northfield	\$4,320,565	(\$2,022,172)	\$2,298,393	\$462,035	\$2,042,669	\$11,855	\$4,814,952	\$3,421,144	\$770,000	\$623,808	\$0	\$0	\$4,814,952
Orleans	\$1,434,503	(\$934,893)	\$499,610	\$93,030	\$1,373,344	\$71,612	\$2,037,596	\$1,331,782	\$0	\$170,538	\$0	\$535,276	\$2,037,596
Readsboro	\$285,947	(\$119,429)	\$166,518	\$15,103	\$93,868	\$0	\$275,489	\$271,309	\$0	\$4,180	\$0	\$0	\$275,489
Stowe	\$8,409,227	(\$5,146,573)	\$3,262,654	\$20,820,871	\$2,822,455	\$136	\$26,906,116	\$3,898,945	\$18,785,000	\$2,990,046	\$0	\$1,232,125	\$26,906,116
Swanton	\$32,766,997	(\$12,636,649)	\$20,130,348	\$2,352,477	\$5,213,992	\$593,517	\$28,290,334	\$13,754,676	\$14,146,567	\$389,091	\$0	\$0	\$28,290,334
Subtotal	\$235,963,162	(\$125,054,692)	\$110,908,470	\$56,082,459	\$42,373,009	\$30,119,453	\$239,483,391	\$96,557,227	\$100,697,265	\$38,954,072	\$0	\$3,274,825	\$239,483,391
Co-ops													
VEC	\$93,917,863	(\$25,033,193)	\$68,884,670	\$9,705,510	\$13,453,836	\$1,082,862	\$93,126,878	\$19,134,585	\$47,371,664	\$26,079,587	\$0	\$541,042	\$93,126,878
WEC	\$58,997,398	(\$17,267,098)	\$41,730,300	\$4,040,539	\$4,029,335	\$368,041	\$50,168,215	\$7,367,633	\$27,877,446	\$12,903,571	\$0	\$2,019,564	\$50,168,215
Subtotal	\$152,915,261	(\$42,300,291)	\$110,614,970	\$13,746,049	\$17,483,171	\$1,450,903	\$143,295,093	\$26,502,218	\$75,249,110	\$38,983,158	\$0	\$2,560,606	\$143,295,093
Total Load Serving Entities													
Other	\$1,421,092,317	(\$609,622,820)	\$811,469,497	\$276,393,730	\$204,224,518	\$289,482,570	\$1,581,570,314	\$516,945,340	\$492,696,375	\$292,204,214	\$156,695,585	\$123,028,797	\$1,581,570,314
Vt. Yankee ¹	\$0	(\$39,284,624)	(\$39,284,624)	\$139,712,276	\$28,102,108	\$579,158	\$129,108,918	\$4,695,727	\$0	\$18,198,215	\$101,406	\$106,113,570 ²	\$129,108,918
VELCO	\$568,692,579	(\$89,777,198)	\$478,915,381	\$978,546	\$35,381,932	\$15,757,493	\$531,033,352	\$235,751,635	\$198,712,237	\$65,637,502	\$2,175,131	\$28,756,847	\$531,033,352
NETCO (Transmission)	\$48,620,343	(\$48,620,343)	\$0	\$0	\$21,697	\$1,060,261	\$1,081,958	\$488,546	\$0	\$776,506	(\$183,094)	\$0	\$1,081,958
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$2,038,405,239	(\$787,304,985)	\$1,251,100,254	\$417,084,552	\$267,730,255	\$306,879,482	\$2,242,794,542	\$757,881,248	\$691,408,612	\$376,816,437	\$158,789,028	\$257,899,214	\$2,242,794,542

Source: Annual Reports

1 - Vt. Yankee's utility plant was sold to Entergy Nuclear Vermont Yankee on July 31, 2002

2 - Represents the original liability of Vermont Yankee to pay DOE for disposal of spent fuel. This interest payable on this liability is currently \$104,931,105 (see FERC Form 1-Deferred Credits acct 253 page 269).

VEPP, Inc. (Vermont Electric Power Producers Inc.)

Table 2-23 Vermont Electric Utilities: Condensed Operating Statements 2007

Calendar year 2007 (except where noted)

Load Serving Entities	Total Revenues	Operation Expenses	Maintenance Expenses	Depreciation Expense	Amortization Expense	Property Loss	Non Income Taxes	Federal Income Tax	Other Income Tax	Total Utility Operations Expense	Net Utility Operating Income	Total Other Income	Total Other Income & Deductions	Net Inter Charge
Investor Owned														
CVPS	\$329,118,877	\$251,288,677	\$27,937,040	\$14,814,175	\$402,929	\$0	\$11,609,293	\$4,510,254	\$569,975	\$311,132,343	\$17,986,534	\$8,668,641	\$2,376,777	\$8,474
GMP	\$241,380,362	\$186,809,295	\$12,679,907	\$11,383,877	\$2,227,591	\$0	\$7,141,217	\$6,171,242	(\$277,443)	\$226,135,686	\$15,244,676	\$5,294,194	\$2,645,950	\$7,750
Vermont Marble	\$26,132,795	\$17,862,424	\$1,150,812	\$1,182,429	\$0	\$0	\$672,697	\$720,675	\$0	\$21,589,037	\$4,543,758	\$0	\$0	\$0
Subtotal	\$596,632,034	\$455,960,396	\$41,767,759	\$27,380,481	\$2,630,520	\$0	\$19,423,207	\$11,402,171	\$292,532	\$558,857,066	\$37,774,968	\$13,962,835	\$5,022,727	\$16,225
Municipal														
Barton	\$2,210,296	\$1,579,390	\$65,424	\$207,377	\$1,284	\$0	\$122,255	\$0	\$0	\$1,975,730	\$234,566	\$82,474	\$136	\$195
BED	\$49,761,494	\$34,502,408	\$2,387,488	\$4,138,024	\$677,969	(\$26,686)	\$1,883,356	\$0	\$0	\$43,562,559	\$6,198,935	\$2,972,318	\$8,568	\$4,920
Enosburg	\$3,214,888	\$2,610,914	\$180,536	\$279,283	\$244	\$0	\$131,185	\$0	\$0	\$3,202,162	\$12,726	\$124,903	\$0	\$100
Hardwick	\$5,361,988	\$4,286,665	\$375,573	\$175,730	\$804	\$0	\$271,835	\$0	\$0	\$5,110,607	\$251,381	\$105,825	\$0	\$160
Hyde Park	\$1,674,064	\$1,474,121	\$94,750	\$87,315	\$0	\$0	\$57,702	\$0	\$0	\$1,713,888	(\$39,824)	\$53,232	\$0	\$10
Jacksonville	\$763,086	\$615,712	\$114,709	\$47,437	\$0	\$0	\$25,174	\$0	\$0	\$803,032	(\$39,946)	\$21,499	\$0	\$2
*Johnson	\$1,709,935	\$1,645,108	\$67,584	\$67,191	\$0	\$0	\$29,621	\$0	\$0	\$1,809,504	(\$99,569)	\$130,895	\$0	\$17
Ludlow	\$6,691,169	\$6,055,841	\$188,597	\$169,513	\$0	\$0	\$200,068	\$0	\$0	\$6,614,019	\$77,150	\$139,539	\$0	\$11
Lyndonville	\$9,515,512	\$8,084,794	\$407,682	\$367,646	\$0	\$0	\$389,727	\$0	\$0	\$9,249,849	\$265,663	\$253,779	\$0	\$39
Morrisville	\$6,394,419	\$5,101,739	\$325,429	\$409,657	\$0	\$0	\$255,100	\$0	\$0	\$6,091,925	\$302,494	\$269,694	\$0	\$211
Northfield	\$3,479,043	\$3,179,101	\$66,258	\$122,194	\$0	\$0	\$62,700	\$0	\$0	\$3,430,253	\$48,790	\$125,144	\$0	\$44
Orleans	\$1,446,954	\$1,455,179	\$21,506	\$38,255	\$0	\$0	\$37,573	\$0	\$0	\$1,552,513	(\$105,559)	\$79,843	\$168	\$8
Readsboro	\$279,599	\$257,147	\$36,624	\$0	\$0	\$0	\$6,166	\$0	\$0	\$299,937	(\$20,338)	\$2,501	\$0	\$
Stowe	\$9,945,060	\$9,303,823	\$134,009	\$211,898	\$468	\$0	\$177,654	\$0	\$0	\$9,827,852	\$117,208	\$245,174	\$912	\$46
Swanton	\$5,765,086	\$3,458,456	\$515,278	\$649,826	\$38,578	\$0	\$438,431	\$0	\$0	\$5,100,569	\$664,517	\$556,954	\$0	\$938
Subtotal	\$108,212,593	\$83,610,398	\$4,981,447	\$6,971,346	\$719,347	(\$26,686)	\$4,088,547	\$0	\$0	\$100,344,399	\$7,868,194	\$5,163,774	\$9,784	\$6,708
Cooperatives														
VEC	\$66,838,234	\$54,486,885	\$3,596,710	\$2,736,274	\$983,266	\$0	\$636,687	\$0	\$0	\$62,439,822	\$4,398,412	\$1,183,782	\$43,205	\$2,994
WEC	\$12,074,449	\$7,062,345	\$1,510,956	\$1,694,828	\$0	\$41,616	\$261,204	\$0	\$61	\$10,571,010	\$1,503,439	\$811,886	\$27,055	\$1,482
Subtotal	\$78,912,683	\$61,549,230	\$5,107,666	\$4,431,102	\$983,266	\$41,616	\$897,891	\$0	\$61	\$73,010,832	\$5,901,851	\$1,995,668	\$70,260	\$4,476
Total Load Serving Entities	\$783,757,310	\$601,120,024	\$51,856,872	\$38,782,929	\$4,333,133	\$14,930	\$24,409,645	\$11,402,171	\$292,593	\$732,212,297	\$51,545,013	\$21,122,277	\$5,102,771	\$27,410
Other														
Vt. Yankee (Generation)	\$160,143,205	\$158,976,132	\$0	\$0	\$0	\$0	\$17,141	(\$1,732,182)	(\$248,112)	\$157,012,979	\$3,130,226	\$6,069,903	\$1,949,089	\$6,517
VELCO	\$51,910,962	\$11,134,074	\$5,315,977	\$8,116,759	\$0	\$0	\$5,422,076	\$1,550,621	\$110,344	\$31,649,851	\$20,261,111	\$154,033	\$27,726	\$8,093
VETCO (Transmission)	\$2,089,986	\$609,352	\$472,315	\$0	\$0	\$0	\$794,914	\$105,222	\$20,894	\$2,002,697	\$87,289	\$0	\$0	\$36
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$997,901,463	\$771,839,582	\$57,645,164	\$46,899,688	\$4,333,133	\$14,930	\$30,643,776	\$11,325,832	\$175,719	\$922,877,824	\$75,023,639	\$27,346,213	\$7,079,586	\$42,057

Source: Annual Reports

*Johnson filed a 11 month annual report for 2007, they converted from a year end January 31 to a calendar year ended December 31.

Table 2-24 Vermont Electric Utilities: Condensed Balance Sheets 2007

	Total Utility Plant	Less: Depreciation & Amortization	Net Utility Plant	Other Property & Investments	Current & Accrued Assets	Deferred Debits	Total Assets & Other Debits	Proprietary Capital	Long-Term Debt	Noncurrent & Cur. Accrued Liabilities	Deferred Income Tax	Deferred Credits	Total Liabilities & Other Credits
Load Serving Entities													
Investor Owned													
CVPS	\$554,628,035	(\$243,350,531)	\$311,277,504	\$101,990,889	\$72,990,083	\$66,790,716	\$553,049,192	\$199,860,928	\$126,750,000	\$133,083,554	\$56,111,341	\$37,243,369	\$553,049,192
GMP	\$391,861,383	(\$155,666,346)	\$236,195,037	\$85,828,306	\$43,962,524	\$136,750,499	\$502,736,366	\$149,034,007	\$125,000,000	\$86,168,517	\$67,443,129	\$75,090,713	\$502,736,366
VMCO	\$29,518,493	(\$21,779,164)	\$7,739,329	\$0	\$1,368,604	\$1,057,519	\$10,165,452	(\$866,816)	\$8,000,000	\$3,032,268	\$0	\$0	\$10,165,452
Subtotal	\$976,007,911	(\$420,796,041)	\$555,211,870	\$187,819,195	\$118,321,211	\$204,598,734	\$1,065,951,010	\$348,028,119	\$259,750,000	\$222,284,339	\$123,554,470	\$112,334,082	\$1,065,951,010
Municipal													
Barton	\$7,125,536	(\$3,451,145)	\$3,674,391	\$297,560	\$1,099,773	\$103,579	\$5,175,303	\$1,562,939	\$3,278,967	\$304,828	\$0	\$28,569	\$5,175,303
BED	\$111,544,632	(\$60,522,096)	\$51,022,536	\$23,176,163	\$14,146,808	\$33,344,975	\$121,690,482	\$54,071,522	\$60,815,138	\$5,304,238	\$0	\$1,499,584	\$121,690,482
Enosburg	\$7,088,229	(\$4,107,207)	\$2,981,022	\$96,383	\$1,198,957	\$1,207	\$4,277,569	\$1,051,160	\$1,767,001	\$1,426,623	\$0	\$32,784	\$4,277,569
Hardwick	\$9,068,531	(\$5,811,017)	\$3,257,514	\$456,953	\$1,397,705	\$9,516	\$5,121,688	\$1,790,061	\$2,304,902	\$1,026,725	\$0	\$0	\$5,121,688
Hyde Park	\$2,406,251	(\$1,754,693)	\$651,558	\$199,130	\$550,772	\$6,700	\$1,408,160	\$880,142	\$0	\$520,236	\$0	\$7,782	\$1,408,160
Jacksonville	\$1,254,084	(\$617,855)	\$636,229	\$30,500	\$325,423	\$0	\$992,153	\$853,449	\$0	\$135,890	\$0	\$2,814	\$992,153
*Johnson	\$2,121,727	(\$974,940)	\$1,146,787	\$87,700	\$1,108,359	\$0	\$2,342,846	\$1,431,438	\$600,000	\$195,617	\$0	\$115,791	\$2,342,846
Ludlow	\$7,276,364	(\$5,280,632)	\$1,995,732	\$282,118	\$2,929,453	\$0	\$5,207,303	\$3,168,038	\$0	\$1,819,515	\$0	\$219,750	\$5,207,303
Lyndonville	\$11,397,070	(\$7,023,302)	\$4,373,768	\$346,153	\$3,606,339	\$40,201	\$8,366,461	\$4,682,879	\$0	\$3,683,582	\$0	\$0	\$8,366,461
Morrisville	\$16,054,789	(\$10,077,439)	\$5,977,350	\$2,280,887	\$4,374,888	\$0	\$12,633,125	\$6,561,186	\$5,115,000	\$920,850	\$0	\$36,089	\$12,633,125
Northfield	\$4,182,675	(\$1,895,187)	\$2,287,488	\$431,589	\$1,961,413	\$12,452	\$4,692,942	\$3,261,228	\$815,000	\$616,596	\$0	\$118	\$4,692,942
Orleans	\$1,346,785	(\$897,165)	\$449,620	\$93,030	\$1,524,193	\$68,633	\$2,135,476	\$1,386,314	\$0	\$450,093	\$0	\$299,069	\$2,135,476
Readsboro	\$0	\$0	\$0	\$0	\$71,069	\$0	\$84,269	\$51,234	\$0	\$33,035	\$0	\$0	\$84,269
Stowe	\$8,411,290	(\$5,001,994)	\$3,409,296	\$2,120,371	\$2,418,496	\$1,314,397	\$9,262,560	\$5,527,896	\$110,000	\$2,874,664	\$0	\$750,000	\$9,262,560
Swanton	\$32,278,228	(\$11,950,340)	\$20,327,888	\$2,374,553	\$5,482,325	\$632,095	\$28,816,861	\$13,465,826	\$14,950,659	\$400,376	\$0	\$0	\$28,816,861
Subtotal	\$221,556,191	(\$119,365,012)	\$102,191,179	\$32,286,290	\$42,195,973	\$35,533,755	\$212,207,198	\$99,745,312	\$89,756,667	\$19,712,868	\$0	\$2,992,350	\$212,207,198
Co-ops													
VEC	\$88,433,956	(\$24,848,638)	\$63,585,318	\$9,445,647	\$13,919,597	\$1,437,338	\$88,387,900	\$17,722,785	\$44,946,041	\$24,417,827	\$0	\$1,301,247	\$88,387,900
WEC	\$56,443,313	(\$15,894,306)	\$40,549,007	\$3,596,130	\$4,423,197	\$322,229	\$48,890,563	\$7,083,122	\$26,849,087	\$13,223,983	\$0	\$1,734,370	\$48,890,563
Subtotal	\$144,877,269	(\$40,742,944)	\$104,134,325	\$13,041,777	\$18,342,794	\$1,759,567	\$137,278,463	\$24,805,907	\$71,795,128	\$37,641,810	\$0	\$3,035,617	\$137,278,463
Total Load Serving Entities	\$1,342,441,371	(\$580,903,997)	\$761,537,374	\$233,147,262	\$178,859,978	\$241,892,056	\$1,415,436,671	\$472,579,338	\$421,301,795	\$279,639,017	\$123,554,470	\$118,362,049	\$1,415,436,671
Other													
Vt. Yankee (Generation)	\$0	(\$39,284,624)	(\$39,284,624)	\$134,502,760	\$31,120,944	\$589,281	\$126,928,361	\$4,765,576	\$0	\$18,691,123	\$132,609	\$103,339,053	\$126,928,361
VELCO	\$463,933,403	(\$81,382,989)	\$382,550,414	\$920,231	\$52,255,197	\$10,421,480	\$446,147,322	\$196,991,377	\$198,712,237	\$41,464,257	\$7,870,617	\$1,108,834	\$446,147,322
VETCO (Transmission)	\$48,660,168	(\$48,660,168)	\$0	\$0	\$219,943	\$1,061,186	\$1,281,129	\$463,231	\$0	\$886,900	(\$176,789)	\$107,787	\$1,281,129
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$1,855,034,942	(\$750,231,778)	\$1,104,803,164	\$368,570,253	\$262,456,062	\$253,964,003	\$1,989,793,483	\$674,799,522	\$620,014,032	\$340,681,297	\$131,380,907	\$222,917,723	\$1,989,793,483

Source: Annual Reports

1 - Vt. Yankee's utility plant was sold to Entergy Nuclear Vermont Yankee on July 31, 2002

2 - Represents the original liability of Vermont Yankee to pay DOE for disposal of spent fuel. This interest payable on this liability is currently \$102,114,401 (see FERC Form 1-Deferred Credits act 253 page 269.

3 - VEPP, Inc. (Vermont Electric Power Producers Inc.)

*Johnson filed a 11 month annual report for 2007, they converted from a year end January 31 to a calendar year ended December 31.

Table 2-25 Vermont Electric Utilities: Condensed Operating Statements 2006

	Total Revenues	Operation Expenses	Maintenance Expenses	Depreciation Expense	Amortization Expense	Property Loss	Non Income Taxes	Federal Income Tax	Other Income Tax	Total Utility Operations Expense	Net Utility Operating Income	Total Other Income	Total Other Income & Deductions	Net Interest Charges	Net Income
Load Serving Entities															
Investor Owned															
CVPS	\$325,749,691	\$246,837,873	\$22,039,623	\$15,791,489	\$706,158	\$0	\$10,470,105	\$7,774,179	\$795,123	\$304,414,550	\$21,335,141	\$7,217,806	\$1,970,085	\$8,230,975	\$18,351,887
GMP	\$240,476,232	\$184,391,043	\$12,251,774	\$10,792,033	\$3,577,551	\$0	\$6,842,047	\$6,649,489	(\$282,044)	\$224,221,893	\$16,254,339	\$3,144,806	\$1,862,830	\$7,413,295	\$10,123,020
*Rochester	\$622,608	\$532,878	\$14,039	\$13,718	\$289	\$0	\$17,442	\$167	\$0	\$578,532	\$44,076	\$4,171	\$0	\$81	\$48,166
Vermont Marble	\$24,506,065	\$15,547,347	\$1,031,878	\$1,174,600	\$0	\$0	\$571,886	\$927,656	\$0	\$19,253,367	\$5,252,698	\$0	\$0	\$0	\$5,252,698
Subtotal	\$591,354,596	\$447,309,141	\$35,337,314	\$27,771,840	\$4,283,998	\$0	\$17,901,480	\$15,351,491	\$513,079	\$548,468,342	\$42,886,254	\$10,366,783	\$3,832,915	\$15,644,351	\$33,775,771
Municipal															
Barton	\$2,196,910	\$1,452,498	\$49,372	\$204,825	\$1,284	\$0	\$115,867	\$0	\$0	\$1,823,846	\$373,064	\$43,064	\$0	\$203,621	\$212,507
BED	\$47,396,807	\$32,293,710	\$2,853,043	\$4,138,173	\$647,602	\$545,471	\$1,738,852	\$0	\$0	\$42,216,851	\$5,179,956	\$2,452,688	\$10,875	\$5,105,615	\$2,516,153
Enosburg	\$2,978,289	\$2,377,219	\$199,507	\$271,870	\$83,897	\$0	\$120,458	\$0	\$0	\$3,052,951	(\$74,662)	\$69,431	\$0	\$100,492	(\$105,723)
Hardwick	\$5,262,968	\$3,904,572	\$328,656	\$177,480	\$804	\$0	\$277,864	\$0	\$0	\$4,689,376	\$573,592	\$63,486	\$0	\$154,617	\$482,461
Hyde Park	\$1,568,174	\$1,386,616	\$96,124	\$96,505	\$0	\$0	\$60,771	\$0	\$0	\$1,640,016	(\$71,842)	\$50,352	\$0	\$6,128	(\$27,618)
Jacksonville	\$711,840	\$577,572	\$21,506	\$46,901	\$0	\$0	\$23,831	\$0	\$0	\$669,810	\$42,030	\$8,004	\$0	\$2,193	\$47,841
Johnson	\$1,766,819	\$1,683,212	\$39,572	\$74,045	\$0	\$0	\$26,902	\$0	\$0	\$1,823,731	(\$56,912)	\$223,227	\$0	\$1,146	\$165,169
Ludlow	\$6,265,277	\$5,615,832	\$202,935	\$202,904	\$0	\$0	\$175,589	\$0	\$0	\$6,197,260	\$68,017	\$71,389	\$0	\$6,200	\$133,206
Lyndonville	\$9,381,017	\$8,095,023	\$363,634	\$352,661	\$77,409	\$0	\$354,589	\$0	\$0	\$9,243,316	\$137,701	\$467,871	\$0	\$25,101	\$580,471
Morrisville	\$6,205,762	\$4,837,445	\$165,019	\$443,902	\$0	\$0	\$255,569	\$0	\$0	\$5,701,935	\$503,827	\$262,279	\$0	\$174,768	\$591,338
Northfield	\$4,950,699	\$4,374,930	\$63,578	\$170,902	\$0	\$0	\$87,399	\$0	\$0	\$4,696,809	\$253,890	\$82,459	\$0	\$70,971	\$265,378
Orleans	\$1,442,425	\$1,328,081	\$19,183	\$46,975	\$0	\$0	\$35,728	\$0	\$0	\$1,429,967	\$12,458	\$86,405	\$0	\$4,818	\$94,045
Readsboro	\$262,933	\$257,526	\$12,488	\$0	\$0	\$0	\$5,287	\$0	\$0	\$275,301	(\$12,368)	\$3,370	\$0	\$41	(\$9,039)
Stowe	\$9,185,390	\$8,467,650	\$262,582	\$221,857	\$468	\$0	\$178,635	\$0	\$0	\$9,131,192	\$54,198	\$266,617	\$0	\$50,532	\$270,283
Swanton	\$5,442,835	\$2,524,105	\$498,752	\$666,388	\$38,577	\$0	\$399,061	\$0	\$0	\$4,126,883	\$1,315,952	\$468,691	\$0	\$1,077,969	\$706,674
Subtotal	\$105,018,145	\$79,175,991	\$5,175,951	\$7,115,388	\$850,041	\$545,471	\$3,856,402	\$0	\$0	\$96,719,244	\$8,298,901	\$4,619,333	\$10,875	\$6,984,212	\$5,923,146
Cooperatives															
VEC	\$66,107,451	\$50,494,069	\$3,463,040	\$2,863,886	\$1,175,263	\$0	\$621,543	\$0	\$0	\$58,617,801	\$7,489,650	(\$204,327)	\$265,695	\$3,120,673	\$3,898,955
WEC	\$12,789,617	\$7,878,143	\$1,495,455	\$1,560,236	\$20,568	\$0	\$232,986	\$0	\$3,682	\$11,191,070	\$1,598,547	\$102,922	\$2,645	\$1,362,185	\$336,639
Subtotal	\$78,897,068	\$58,372,212	\$4,958,495	\$4,424,122	\$1,195,831	\$0	\$854,529	\$0	\$3,682	\$69,808,871	\$9,088,197	(\$101,405)	\$268,340	\$4,482,858	\$4,235,594
Total Load Serving Entities	\$775,269,809	\$584,857,344	\$45,471,760	\$39,311,350	\$6,329,870	\$545,471	\$22,612,411	\$15,351,491	\$516,761	\$714,996,457	\$60,273,352	\$14,884,711	\$4,112,130	\$27,111,421	\$43,934,511
Other															
Vt. Yankee (Generation)	\$201,325,407	\$199,413,792	\$0	\$0	\$0	\$0	\$15,465	(\$1,376,985)	(\$239,801)	\$197,812,471	\$3,512,936	\$4,918,125	\$1,524,162	\$6,158,179	\$748,720
VELCO	\$35,807,541	\$7,457,094	\$4,745,154	\$4,888,768	\$862,275	\$0	\$4,387,687	\$2,638,984	\$308,140	\$25,288,102	\$10,519,439	\$209,213	\$0	\$5,675,248	\$5,053,404
VEECO (Transmission)	\$3,258,079	\$406,417	\$695,525	\$954,971	\$31,084	\$0	\$807,504	\$52,542	\$183,215	\$3,131,258	\$126,821	\$0	(\$65,964)	\$35,429	\$157,356
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$1,015,660,836	\$792,134,647	\$50,912,439	\$45,155,089	\$7,223,229	\$545,471	\$27,823,067	\$16,666,032	\$768,315	\$941,228,288	\$74,432,548	\$20,012,049	\$5,570,328	\$38,980,277	\$49,893,991

Source: Annual Reports

*Rochester Electric was sold to CVPS 9/1/2006, the 2006 figures are pro-rated.

Note: VEPP (Vermont Electric Power Producers Inc.)

Table 2-26 Vermont Electric Utilities: Condensed Balance Sheets

	Total Utility Plant	Less: Depreciation & Amortization	Net Utility Plant	Other Property & Investments	Current & Accrued Assets	Deferred Debits	Total Assets & Other Debits	Proprietary Capital	Long-Term Debt	Noncurrent & Cur. Accrued Liabilities	Deferred Income Tax	Deferred Credits	Total Liabilities & Other Credits
Load Serving Entities													
Investor Owned													
CVPS	\$531,168,814	(\$230,846,607)	\$300,322,207	\$48,406,927	\$71,746,372	\$102,629,883	\$523,105,389	\$191,405,573	\$126,750,000	\$96,378,461	\$63,403,702	\$45,167,653	\$523,105,389
GMP	\$374,696,164	(\$149,197,447)	\$225,498,717	\$37,471,567	\$40,376,793	\$122,136,574	\$425,483,651	\$126,635,879	\$109,000,000	\$61,785,588	\$62,284,690	\$65,777,494	\$425,483,651
*Rochester	\$702,044	(\$551,701)	\$150,343	\$0	\$326,951	\$4,277	\$481,572	\$428,766	\$0	\$52,806	\$0	\$0	\$481,572
VMCO	\$29,405,101	(\$20,673,501)	\$8,731,600	\$0	\$1,434,905	\$163,692	\$10,330,197	\$451,695	\$8,000,000	\$1,878,502	\$0	\$0	\$10,330,197
Subtotal	\$935,972,123	(\$401,269,256)	\$534,702,867	\$85,878,494	\$113,885,021	\$224,934,426	\$959,400,809	\$318,921,913	\$243,750,000	\$160,095,357	\$125,688,392	\$110,945,147	\$959,400,809
Municipal													
Barton	\$7,005,165	(\$3,207,441)	\$3,797,724	\$452,216	\$849,775	\$109,854	\$5,209,569	\$1,441,477	\$3,577,444	\$160,941	\$0	\$29,707	\$5,209,569
BED	\$107,497,278	(\$58,027,406)	\$49,469,872	\$22,537,697	\$15,266,861	\$37,263,199	\$124,537,629	\$49,828,842	\$65,944,382	\$6,858,232	\$0	\$1,906,173	\$124,537,629
Enosburg	\$6,844,069	(\$3,827,923)	\$3,016,146	\$0	\$1,348,435	\$1,451	\$4,366,032	\$1,014,284	\$1,500,000	\$1,848,090	\$0	\$3,658	\$4,366,032
Hardwick	\$8,792,351	(\$5,659,775)	\$3,132,576	\$818,171	\$1,148,530	\$10,320	\$5,109,597	\$1,593,675	\$2,355,267	\$1,160,655	\$0	\$0	\$5,109,597
Hyde Park	\$2,382,878	(\$1,667,378)	\$715,500	\$199,130	\$593,764	\$0	\$1,508,394	\$876,975	\$21,500	\$609,919	\$0	\$0	\$1,508,394
Jacksonville	\$1,242,638	(\$570,418)	\$672,220	\$90,600	\$274,775	\$0	\$1,037,596	\$874,833	\$0	\$162,763	\$0	\$0	\$1,037,596
Johnson	\$1,717,099	(\$929,254)	\$787,845	\$253,590	\$815,667	\$0	\$1,857,102	\$1,417,420	\$0	\$333,716	\$0	\$105,966	\$1,857,102
Ludlow	\$6,972,955	(\$5,111,119)	\$1,861,836	\$806,757	\$1,807,314	\$0	\$4,475,907	\$2,962,902	\$0	\$1,293,324	\$0	\$219,681	\$4,475,907
Lyndonville	\$11,126,588	(\$6,842,991)	\$4,283,597	\$1,096,543	\$3,116,510	\$31,344	\$8,527,994	\$4,203,262	\$831,089	\$3,493,643	\$0	\$0	\$8,527,994
Morrisville	\$15,371,989	(\$9,739,524)	\$5,632,465	\$1,429,940	\$3,374,598	\$0	\$10,437,003	\$6,200,127	\$3,185,000	\$994,132	\$0	\$57,744	\$10,437,003
Northfield	\$4,056,188	(\$1,774,997)	\$2,281,191	\$431,589	\$1,797,971	\$13,050	\$4,523,801	\$3,131,433	\$860,000	\$526,723	\$0	\$5,645	\$4,523,801
Orleans	\$1,277,804	(\$858,171)	\$419,633	\$263,790	\$1,415,610	\$62,205	\$2,161,238	\$1,315,968	\$0	\$378,539	\$0	\$466,731	\$2,161,238
Readsboro	\$0	\$0	\$0	\$13,200	\$77,925	\$0	\$69,125	\$69,216	\$0	\$21,909	\$0	\$0	\$91,125
Stowe	\$8,322,862	(\$4,800,705)	\$3,522,157	\$2,120,371	\$2,575,138	\$156,304	\$8,373,970	\$5,212,683	\$175,000	\$2,236,287	\$0	\$750,000	\$8,373,970
Swanton	\$31,517,636	(\$11,334,904)	\$20,182,732	\$2,315,789	\$6,077,301	\$670,673	\$29,246,495	\$13,183,197	\$15,702,635	\$360,663	\$0	\$0	\$29,246,495
Subtotal	\$214,127,500	(\$114,352,006)	\$99,775,494	\$32,829,383	\$40,540,174	\$38,318,400	\$211,463,452	\$93,326,294	\$94,152,317	\$20,439,536	\$0	\$3,545,305	\$211,463,452
Co-ops													
VEC	\$82,177,375	(\$22,914,529)	\$59,262,846	\$8,788,683	\$15,066,772	\$2,398,332	\$85,516,633	\$15,104,383	\$46,974,506	\$21,820,536	\$0	\$1,617,208	\$85,516,633
WEC	\$54,430,062	(\$14,600,825)	\$39,829,237	\$2,077,745	\$5,571,516	\$446,530	\$47,925,028	\$6,516,739	\$27,134,751	\$14,089,637	\$0	\$183,901	\$47,925,028
Subtotal	\$136,607,437	(\$37,515,354)	\$99,092,083	\$10,866,428	\$20,638,288	\$2,844,862	\$133,441,661	\$21,621,122	\$74,109,257	\$35,910,173	\$0	\$1,801,109	\$133,441,661
Total Load Serving Entities	\$1,286,707,060	(\$553,136,616)	\$733,570,444	\$129,574,305	\$175,063,483	\$266,097,688	\$1,304,305,922	\$433,869,329	\$412,011,574	\$216,445,066	\$125,688,392	\$116,291,561	\$1,304,305,922
Other													
Vt. Yankee (Generation)	\$0	(\$39,284,624)	(\$39,284,624)	\$127,015,699	\$28,459,234	\$2,445,719	\$118,636,028	\$4,801,285	\$0	\$17,618,634	\$605,819	\$95,610,290	\$118,636,028
VELCO	\$341,482,929	(\$76,013,126)	\$265,469,803	\$853,336	\$34,394,025	\$10,439,641	\$311,156,805	\$80,832,095	\$123,426,394	\$100,117,082	\$6,781,234	\$0	\$311,156,805
VELCO (Transmission)	\$48,660,168	(\$48,660,168)	\$0	\$0	\$188,628	\$1,257,557	\$1,446,185	\$428,336	\$0	\$1,119,357	(\$209,295)	\$107,787	\$1,446,185
VEPP, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vermont	\$1,676,850,157	(\$717,094,534)	\$959,755,623	\$257,443,340	\$238,105,370	\$280,240,605	\$1,735,544,940	\$519,931,045	\$535,437,968	\$335,300,139	\$132,866,150	\$212,009,638	\$1,735,544,940

3. TELECOMMUNICATIONS

A. Overview:

The Department's major focus in telecommunications during the two biennial periods was on the evolving regulation concerning non-regulated or less-regulated services like broadband and cellular services. Through its regulatory activities and its general public policy and advocacy work, the Department supported the expansion of broadband and cellular services.

2011 Telecommunications Plan: Broadband

The outcomes and strategies described in the *2011 Telecommunications Plan: Broadband* provides the tools to support transformation of Vermont's economy through better communication. This is a 17 page document that includes description of the National Broadband Plan as it relates to the Vermont Plan. The Department will update the Telecommunications Plan in the fall of 2011.

Telecommunications Survey Report

In December of 2009, the Vermont Department of Public Service conducted a survey with 500 Vermont residents and 385 non-residential organizations. All public, private, non-profit, and educational organizations were eligible for the survey. The survey measured Vermonters' telecommunications needs as well as related behaviors, knowledge, awareness, and perceptions.

Telecommunications Almanac

The Almanac, which was first published in March 2009, provides key data about the status of telecommunications in Vermont. These statistics and other data provide important indicators of where Vermont has progressed in meeting its telecommunications needs and where there is room for improvement.

The biennia saw significant changes in the rules and forms of competition among telecommunications services. The Federal Communications Commission ("FCC") significantly reduced the access that incumbent telephone companies like Verizon are required to provide competitors who use their network to provide service. This action at least partially resulted in, consolidation among competitive telecom companies, through either mergers between national companies (i.e. Verizon and MCI) or with incumbent telephone companies. The distinction between the local and long distance markets became less defined, as traditional telephone companies, cellular carriers, and Voice-over-Internet Protocol (VoIP) providers offered bundled local service and long distance calling minutes. Concurrently, different types of competitors emerged, which began to provide voice, video, and data services over its own fiber optic network. In Vermont, Burlington Telecom began offering these services. Cable company entry into telephone services, which became common in markets outside of Vermont, has not yet come in a significant way to the state, but appears likely to do so.

During the biennia, while not a new trend, convergence between the services offered on different types of networks and by different types of communications companies gained momentum. Due to improvements in the ability of high-speed data networks to deliver voice services and video programming, the distinction between telephone and cable companies is gradually being eliminated. The delivery of both voice and video services has been transitioning more or less rapidly from traditional technologies to Internet Protocol (IP).

In the past traditional telephone regulation focused primarily on ratemaking. Now, all telephone companies except former monopoly providers of telephone service have essentially been deregulated regarding rates through a combination of state and federal actions.

In Vermont, FairPoint was under an alternative regulation plan through the end of 2010. The plan allowed the company greater pricing flexibility than it would have under traditional regulation, but still imposed limits. The other former Vermont monopoly providers and the independent telephone companies received a reduction in price regulation through the enactment of special legislation in 2005.¹⁹ This legislation capped the prices of these companies and allowed for some increases without prior PSB approval.

B. Major Telecommunications Cases and Projects

Alleged Unlawful Disclosure of Consumer Records by AT&T and Verizon – Dockets 7183/7192/7193

These dockets were all related to potentially unlawful disclosure of consumer telephone records by AT&T and Verizon at the request of the government. After some initial litigation and a lawsuit filed against the state, the FISA amendments passed by the U.S. Congress made it impossible to continue with these cases so the Board dismissed them without prejudice.

Voice Over Internet Protocol –Docket 7316

This docket is a two-phase investigation into the regulatory status of Voice Over Internet Protocol (VoIP) services in Vermont. The Department requested an investigation in April of 2007 to clarify the rights and responsibilities of various VoIP service providers operating in the state. The first phase was designed to establish the nature of VoIP services offered in Vermont and determine whether VoIP services constitute telecommunications services under Vermont law and are therefore subject to the Board's jurisdiction. The Department advocated in favor of Board regulation of fixed VoIP services, which are set in a single location, because they meet the state statutory definition of telecommunications service and also because the FCC has declined to rule on whether VoIP is an "information service" and had refused to declare that the intrastate component of fixed VoIP services are preempted from state regulation. Comcast and AT&T, both VoIP providers, argued that VoIP is an "information service" under federal law and therefore exempt from state regulation. In October 2010, the Board issued an Order for Phase I, determining that it was not preempted from regulating fixed VoIP as a telecommunications service. The second phase of the investigation will examine the extent to which the Board should exercise its jurisdiction.

FairPoint Acquisition of Verizon Northern New England Property - Docket No. 7270

In January of 2007, FairPoint Communications, a small telecommunications company based in North Carolina, filed a joint petition, along with Verizon, to acquire the Verizon land-line properties in Northern New England. The Department, along with other parties to the proceeding had concerns about the amount of debt FairPoint was incurring to acquire the properties. In addition there were concerns regarding the possibility of service quality problems arising when the "cutover" occurred – the transition from operating off the Verizon systems to the new FairPoint systems. On December 21, 2007 the Board denied the petition based primarily upon concerns as to the financial viability of FairPoint. The Department subsequently entered into a memorandum of understanding with FairPoint whereby the debt levels were reduced and conditions were agreed to such that the cutover risks would be lessened. The Board approved

¹⁹ 30 V.S.A. 227d

the transaction on February 15, 2008.

FairPoint Change in Control Proceeding – Docket No. 7599

FairPoint commenced a Chapter 11 reorganization proceeding in the Bankruptcy Court for the Southern District of New York on October 26, 2009. In February of 2010, following months of negotiations, the Department entered into a Regulatory Settlement with FairPoint which largely amended the calculation of service penalties for the years 2008, 2009 and 2010 and delayed certain broadband build-out conditions that were imposed in Docket No. 7270. On February 19, 2010, FairPoint filed a petition with the Board seeking approval of the change of control that occurs as a result of bankruptcy. On June 28, 2010, despite approval orders from the Commission's in Maine and New Hampshire, the Board denied FairPoint's petition stating that FairPoint had failed to sufficiently demonstrate its financial stability. Following the admission of additional testimony and further technical hearings, the Board approved the transaction on December 23, 2010. FairPoint emerged from bankruptcy in January 2011.

FairPoint Performance Assurance Plan and Carrier to Carrier Guidelines – Docket 7506/7539

These dockets have to do with both enforcing and modifying the Performance Assurance Plan and Carrier to Carrier Guidelines under which FairPoint operates to measure and enforce wholesale service quality standards. These dockets were stayed by force of the FairPoint bankruptcy. Now that FairPoint is out of bankruptcy, these cases will become active again.

Burlington Telecom – Docket 7044

In September 2005 the PSB issued a Certificate of Public Good (CPG) authorizing the City of Burlington, d/b/a Burlington Telecom (BT), to offer cable TV services over a fiber-optic network that also provided telephone and Internet service. The CPG included 65 conditions relating to a number of topics such as PEG access, competitive neutrality, financial relations with the City, etc. Condition 17 required BT to fulfill its stated commitment to cover the entire City with its network within three years (i.e. by September 2008). Other conditions were based on a City Charter provision requiring that taxpayers be insulated from any costs or losses of BT's business. Condition 60 specifically limited BT's use of taxpayer money and participation in the City's cash management system (the "cash pool"), requiring that any payments made on BT's behalf be backed by BT receivables and repaid within 60 days.

BT was unable to meet its commitment to extend service to the entire City within three years, and petitioned the PSB for relief from that requirement. In the course of discussions regarding the build-out, it became apparent to DPS that BT was failing to comply with Condition 60, and in fact owed the cash pool millions of dollars that it was unable to repay. The City proposed a refinancing to repay the cash pool and complete its build-out, but refinancing was delayed by the financial crisis of late 2008. Upon review it became apparent that BT could not afford its existing debt load, and the City Council decided not to refinance. In May 2010 the DPS moved for summary judgment, and the PSB found that BT had violated four conditions of its CPG, including #17 and #60.

As of this writing BT is seeking financial and/or strategic partners in order to restructure its operations and strengthen its finances. A related civil suit and criminal investigation are on-going. It is not clear when, if ever, the money illegally “advanced” by taxpayers – almost \$17 Million – will be repaid. The PSB docket remains open but inactive pending further proposals by BT.

Cable Rule Revision

The Department’s previous Biennial reported the Board filing a proposed revision to Rule 8.400, in December 2004. On March 1, 2005, a rewrite of Rule 8.400 went into effect. Rule 8.401 outlines the general obligations of the cable operators and Rule 8.419 outlines their reporting obligations. Rule 8.422 details the annual reporting obligations of Vermont’s Public Educational and Governmental (PEG) Access Management Organizations (AMO’s). During the summer of 2006, affected entities gathered and produced “Rule 8.000 Annual Report,” that is designed to assist AMO’s compliance with the new reporting rules.

In May 2006, the General Assembly passed, and the Governor signed, Act No. 146 (30 V.S.A. § 516). That Act authorizes the Public Service Board to modify, reduce, or suspend the requirements under sections 225, 226, 227(a), and 229 of Title 30 for cable television companies. The Department and state’s cable operators met during the summer of 2006 to draft proposed Rule 8.000 changes that essentially relieves cable operators of filing tariffs. The Department believes that the Board will likely adopt changes in the next biennium.

Vermont Telecommunications Plan

The Department adopted the fourth edition of the Vermont Telecommunications Plan in September 2004. The findings and recommendations of the plans are too numerous to summarize here. This plan, however, was the first Vermont Telecommunications Plan to call for universal availability of broadband services in Vermont by 2010. The adopted 2004 Plan is available from the Department of Public Service in hardcopy or from its website. A new plan was drafted but not adopted in 2010. The Department is revising that plan and it will be issued in 2011.

Table 3-1 Vermont Incumbent Local Exchange Telephone Companies

Access Lines served by Vermont Incumbent Local Exchange Telephone Companies for years ending 2008 and 2009

2009	Legal Name of Company	Doing Business As	⁽¹⁾ PUBLIC (Includes Semi-Public Pay Phones)			⁽²⁾ Special Access Lines	Total
			Business	Residential	Pay	⁽³⁾ (non-switched)	
	Fairpoint Vermont, Inc.	Fairpoint Communications	453	2	5,091		
	Franklin Telephone Co., Inc.	Franklin Telephone Co., Inc.					
	Ludlow Telephone Co.	TDS Telecom	1,172	0	3,373		
	Northfield Telephone Co.	TDS Telecom					
	Perkinsville Telephone, Co. Inc.	TDS Telecom					
	Shoreham Telephone Co., Inc.	Shoreham Telephone Co., Inc.	379	0	3,060	13	3,452
	Telephone Operating Company Of Vermont, LLC	Fairpoint Communications	93,104	1,347	151,252	532,849	778,552
	Topsham Telephone Co., Inc.	Topsham Telephone Co., Inc.	111	0	1,460		
	Vermont Telephone Co., Inc.	Vermont Telephone Co., Inc.	4,136	0	14,909		
	Waitsfield/Fayston Telephone Co.	Waitsfield & Champlain Valley Telecom					
	Total Access Lines		103,506	1,350	198,278	549,211	852,345

2008	Legal Name of Company	Doing Business As	PUBLIC (Includes Semi-Public Pay Phones)			Special Access Lines	Total
			Business	Residential	Pay	(non-switched)	
	Fairpoint Vermont, Inc.	Fairpoint Communications	671	8	5,248		
	Franklin Telephone Co., Inc.	Franklin Telephone Co., Inc.					
	Ludlow Telephone Co.	TDS Telecom	1,234	0	3,652		
	Northfield Telephone Co.	TDS Telecom					
	Perkinsville Telephone, Co. Inc.	TDS Telecom					
	Shoreham Telephone Co., Inc.	Shoreham Telephone Co., Inc.	402	0	3,121	8	3,531
	⁽⁴⁾ Telephone Operating Company Of Vermont, LLC	Fairpoint Communications	87,371	1,471	176,489	388,308	653,639
	Topsham Telephone Co., Inc.	Topsham Telephone Co., Inc.					
	Vermont Telephone Co., Inc.	Vermont Telephone Co., Inc.	4,346	0	15,401		
	Waitsfield/Fayston Telephone Co.	Waitsfield & Champlain Valley Telecom					
	Total Access Lines		98,435	1,480	225,429	396,742	722,086

Note:

⁽¹⁾"Public" includes Semi-Public Pay telephones. Formerly Public included company stations, extension & PBX stations, which are now tabulated under "Business."

⁽²⁾"Special Access Lines" are dedicated lines from a customer to a long distance company provided by a local phone company.

⁽³⁾"Non-switched" example a bank having a direct line to its branch offices that doesn't go through a switching station.

⁽⁴⁾ 2/15/08-Telephone Operating Company of VT LLC, d/b/a Fairpoint Communications, Inc. purchased Verizon's assets.

⁽⁵⁾ [Redacted] The Company has determined this information to be confidential

Residential Broadband Availability in Vermont by County									
VT COUNTY	Total Population July 1, 2007	Cable Modem Coverage	Cable %	DSL Coverage	DSL %	WISP Coverage	WISP %	Broadband (combined) Coverage	Broadband %
Addison	36,760	16,124	44%	29,486	80%	0	0%	31,458	86%
Bennington	36,452	30,237	83%	21,066	58%	836	2%	31,481	86%
Caledonia	30,655	17,691	58%	9,815	32%	21,295	69%	26,469	86%
Chittenden	151,826	130,628	86%	114,746	76%	33,438	22%	137,385	90%
Essex	6,495	1,304	20%	0	0%	2,300	35%	2,583	40%
Franklin	47,934	25,086	52%	26,897	56%	0	0%	32,297	67%
Grand Isle	7,601	0	0%	4,241	56%	0	0%	4,241	56%
Lamoille	24,676	11,089	45%	5,717	23%	7,481	30%	14,228	58%
Orange	29,002	9,089	31%	7,489	26%	1,135	4%	13,965	48%
Orleans	27,302	13,692	50%	6,101	22%	13,924	51%	18,775	69%
Rutland	63,270	48,043	76%	53,726	85%	0	0%	59,132	93%
Washington	58,926	42,525	72%	42,933	73%	15,583	26%	54,251	92%
Windham	43,480	28,787	66%	22,698	52%	1,260	3%	32,126	74%
Windsor	56,875	36,944	65%	35,279	62%	7,476	13%	45,213	79%
Totals	621,254	411,239	66%	380,194	61%	104,730	17%	503,604	81%

Table 3-2 Vermont Incumbent Local Exchange Telephone Companies: Condensed Operating Statements - 2008 and 2009

Vermont Incumbent Local Exchange Telephone Companies: Condensed Operating Statements for Years ending 2008 and 2009												
2009												
Legal Name of Company	Doing Business As	Gross Operating Revenue	Local Service	Toll & Network Access Service Intrastate	Network Access Services Interstate	Other Misc. Revenue	Depreciation, Maint. & Operating Exp.	Taxes, Including Income	Net Operating Income	Other Income	Other Deductions from Income	Net Income
Fairpoint Vermont, Inc.	Fairpoint Communications	\$5,056,487	\$1,506,934	\$1,704,239	\$1,566,985	\$278,329	\$4,197,036	\$260,244	\$599,207	\$141,240	\$906,953	(\$166,506)
Franklin Telephone Co., Inc.	Franklin Telephone Co., Inc.	\$719,386	\$155,057	\$194,355	\$353,583	\$16,391	\$633,726	\$59,793	\$25,868	\$72,051	\$15,433	\$82,486
Ludlow Telephone Co.	TDS Telecom	\$2,566,910	\$1,106,462	\$556,269	\$617,502	\$286,677	\$2,511,494	\$58,500	(\$3,084)	(\$4,879)	(\$889)	(\$7,074)
Northfield Telephone Co.	TDS Telecom	\$2,004,016	\$784,279	\$351,762	\$608,555	\$259,420	\$1,830,160	\$105,468	\$68,388	\$67,065	\$32,381	\$103,072
Perkinsville Telephone, Co.	TDS Telecom	\$475,464	\$215,858	\$108,900	\$56,982	\$93,724	\$425,862	\$23,348	\$26,254	\$76,357	\$31,621	\$70,990
Shoreham Telephone Co., Inc.	Shoreham Telephone Co., Inc.	\$2,492,433	\$618,697	\$440,266	\$1,397,166	\$36,304	\$2,105,360	\$110,846	\$276,227	\$41,106	\$14,691	\$302,642
Telephone Operating Company Of Vermont, LLC	Fairpoint Communications	\$165,319,000	\$69,695,000	\$15,375,000	\$70,409,000	\$9,840,000	\$204,574,000	(\$10,421,000)	(\$28,834,000)	\$9,220,000	\$655,000	(\$20,269,000)
Topsham Telephone Co., Inc.	Topsham Telephone Co., Inc.	\$2,653,308	\$386,618	\$1,298,330	\$957,832	\$10,528	\$1,827,362	\$304,191	\$521,755	\$27,305	\$179,831	\$369,229
Vermont Telephone Co., Inc.	Vermont Telephone Co., Inc.	\$20,146,474	\$5,252,364	\$5,417,756	\$8,799,831	\$676,523	\$17,480,025	\$1,038,609	\$1,627,840	\$1,950,430	\$178,843	\$3,399,427
Waitsfield/Fayston Telephone Co.	Waitsfield & Champlain Valley Telecom	\$20,949,663	\$6,197,415	\$3,805,619	\$10,386,651	\$559,978	\$20,999,566	\$681,467	(\$731,370)	\$401,576	\$25,283	(\$355,077)
	Total	\$222,383,141	\$85,918,684	\$29,252,496	\$95,154,087	\$12,057,874	\$256,584,591	(\$7,778,534)	(\$26,422,915)	\$11,992,251	\$2,039,147	(\$16,469,811)
2008												
Legal Name of Company	Doing Business As	Gross Operating Revenue	Local Service	Toll & Network Access Service Intrastate	Network Access Services Interstate	Other Misc. Revenue	Depreciation, Maint. & Operating Exp.	Taxes, Including Income	Net Operating Income	Other Income	Other Deductions from Income	Net Income
Fairpoint Vermont, Inc.	FairPoint Communications	\$5,436,471	\$1,604,406	\$1,859,310	\$1,727,042	\$245,713	\$6,589,875	\$388,749	(\$1,542,153)	\$991,012	\$0	(\$551,141)
Franklin Telephone Co., Inc.	Franklin Telephone Co., Inc.	\$666,955	\$156,805	\$224,525	\$268,579	\$17,046	\$580,294	\$62,268	\$24,393	\$113,710	\$35,199	\$102,904
Ludlow Telephone Co.	TDS Telecom	\$2,691,758	\$1,187,753	\$670,113	\$561,067	\$272,825	\$2,484,522	\$117,561	\$89,675	\$83,287	\$34,311	\$138,651
Northfield Telephone Co.	TDS Telecom	\$2,065,908	\$844,577	\$421,608	\$608,253	\$191,470	\$1,839,011	\$117,956	\$108,941	\$72,801	\$31,883	\$149,859
Perkinsville Telephone, Co.	TDS Telecom	\$532,501	\$240,865	\$123,494	\$89,236	\$78,906	\$439,381	\$37,271	\$55,849	\$96,721	\$40,291	\$112,279
Shoreham Telephone Co., Inc.	Shoreham Telephone Co., Inc.	\$2,743,454	\$671,768	\$564,671	\$1,373,087	\$133,928	\$2,188,731	\$107,755	\$446,968	\$19,829	\$346,160	\$120,637
Telephone Operating Company Of Vermont, LLC	Fairpoint Communications	\$207,041,000	\$92,478,000	\$19,239,000	\$71,437,000	\$23,887,000	\$201,788,000	\$5,271,000	(\$18,000)	\$9,575,000	\$2,100,000	\$7,457,000
Topsham Telephone Co., Inc.	Topsham Telephone Co., Inc.	\$2,446,400	\$361,460	\$1,209,107	\$840,834	\$34,999	\$1,795,298	\$257,140	\$393,962	\$101,651	\$189,121	\$306,492
Vermont Telephone Co., Inc.	Vermont Telephone Co., Inc.	\$22,552,345	\$5,473,808	\$6,577,712	\$9,721,434	\$779,393	\$17,205,728	\$2,420,739	\$2,925,878	\$1,917,271	\$124,656	\$4,718,493
Waitsfield/Fayston Telephone Co.	Waitsfield & Champlain Valley Telecom	\$19,847,277	\$6,479,008	\$4,264,580	\$8,492,901	\$610,788	\$19,312,111	\$666,665	(\$131,499)	\$430,481	\$147,708	\$151,274
	Total	\$266,024,069	\$109,498,450	\$35,154,120	\$95,119,433	\$26,252,068	\$254,222,951	\$9,447,104	\$2,354,014	\$13,401,763	\$3,049,329	\$12,706,448

Source: Annual Reports
 '2/15/08-Telephone Operating Company of VT LLC, d/b/a Fairpoint Communications, Inc. purchased Verizon's assets.

Vermont Incumbent Local Exchange Telephone Companies
Condensed Balance Sheets for Years Ending 2008 and 2009

2009

<u>Legal Name of Company</u>	<u>Doing Business As</u>	Plant in Service	Less Depreciation & Amortization	Net Plant in Service
Fairpoint Vermont, Inc.	Fairpoint Communications	\$26,582,307	(\$24,468,768)	\$2,113,539
Franklin Telephone Co., Inc.	Franklin Telephone Co., Inc.	\$2,672,372	(\$1,600,159)	\$1,072,213
Ludlow Telephone Co.	TDS Telecom	\$12,968,845	(\$11,796,978)	\$1,171,867
Northfield Telephone Co.	TDS Telecom	\$9,962,214	(\$9,711,691)	\$250,523
Perkinsville Telephone, Co.	TDS Telecom	\$2,732,018	(\$3,076,738)	(\$344,720)
Shoreham Telephone Co., Inc.	Shoreham Telephone Co., Inc.	\$12,057,836	(\$8,515,854)	\$3,541,982
Telephone Operating Company Of Vermont, LLC	Fairpoint Communications	\$1,182,268,000	(\$1,053,211,000)	\$129,057,000
Topsham Telephone Co., Inc.	Topsham Telephone Co., Inc.	\$7,945,304	(\$2,956,637)	\$4,988,667
Vermont Telephone Co., Inc.	Vermont Telephone Co., Inc.	\$76,535,842	(\$54,942,645)	\$21,593,197
Waitsfield/Fayston Telephone Co.	Waitsfield & Champlain Valley Telecom	\$79,477,181	(\$54,209,255)	\$25,267,926
Total		\$1,413,201,919	(\$1,224,489,725)	\$188,712,194

2008

<u>Legal Name of Company</u>	<u>Doing Business As</u>	Plant in Service	Less Depreciation	Net Plant in Service
Fairpoint Vermont, Inc.	Fairpoint Communications	\$24,697,449	\$21,150,816	\$3,546,633
Franklin Telephone Co., Inc.	Franklin Telephone Co., Inc.	\$2,151,644	\$1,547,532	\$604,112
Ludlow Telephone Co.	TDS Telecom	\$12,480,967	\$10,125,805	\$2,355,162
Northfield Telephone Co.	TDS Telecom	\$9,988,078	\$8,149,563	\$1,838,515
Perkinsville Telephone, Co.	TDS Telecom	\$2,664,591	\$2,765,120	-\$100,529
Shoreham Telephone Co., Inc.	Shoreham Telephone Co., Inc.	\$10,380,680	\$7,199,770	\$3,180,910
Telephone Operating Company Of Vermont, LLC	Fairpoint Communications	\$1,116,592,000	\$855,748,000	\$260,844,000
Topsham Telephone Co., Inc.	Topsham Telephone Co., Inc.	\$7,517,837	\$2,152,245	\$5,365,592
Vermont Telephone Co., Inc.	Vermont Telephone Co., Inc.	\$73,242,670	\$49,567,205	\$23,675,465
Waitsfield/Fayston Telephone Co.	Waitsfield & Champlain Valley Telecom	\$69,581,652	\$46,182,315	\$23,399,337
Total		\$1,329,297,568	\$1,004,588,371	\$324,709,197

Source: Annual Reports

12/15/08-Telephone Operating Company of VT LLC, d/b/a Fairpoint Communications, Inc. purchased Verizon's assets.

4. NATURAL GAS SYSTEMS

A. Vermont Gas Systems

Vermont continues to have a single natural gas distribution company, Vermont Gas Systems, Inc. (VGS) located in Chittenden and Franklin Counties. VGS's transmission line connects to the TransCanada Pipeline at Highgate Springs, and the Company presently serves customers in Chittenden and Franklin Counties. VGS serves approximately 42,000.

Table 4-1

	Vermont Gas Systems: Customers Served 2001-2009				
	Residential	Commercial	Industrial		Total
			Firm	Interruptible	
2001	29,275	4,398	0	36	33,709
2002	29,941	4,488	0	38	34,467
2003	30,595	4,577	0	41	35,213
2004	31,702	4,665	0	43	36,410
2005	32,770	4,762	0	42	37,574
2006	33,837	4,840	0	37	38,714
2007	34,731	4,918	0	36	39,685
2008	35,618	4,953	0	35	40,606
2009	36,959	5,067	0	36	42,062

Source: Vermont Gas Systems Annual Report

VGS provides firm or non-interruptible gas service to the vast majority of its customers. Approximately 35% of VGS's gas is delivered to approximately three-dozen customers who take interruptible gas service under special contracts.

Figure 4-1 Vermont Gas Service Territory

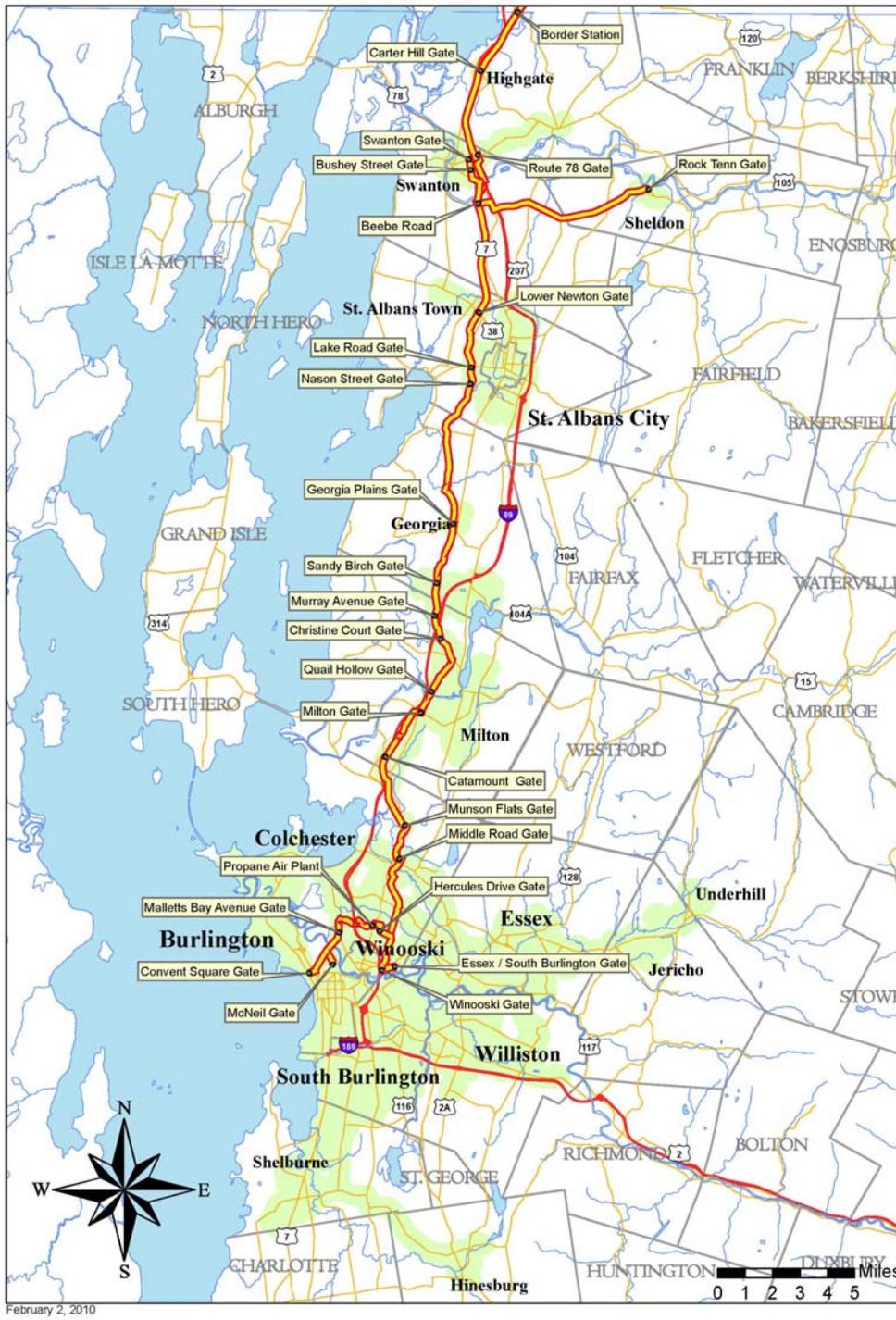
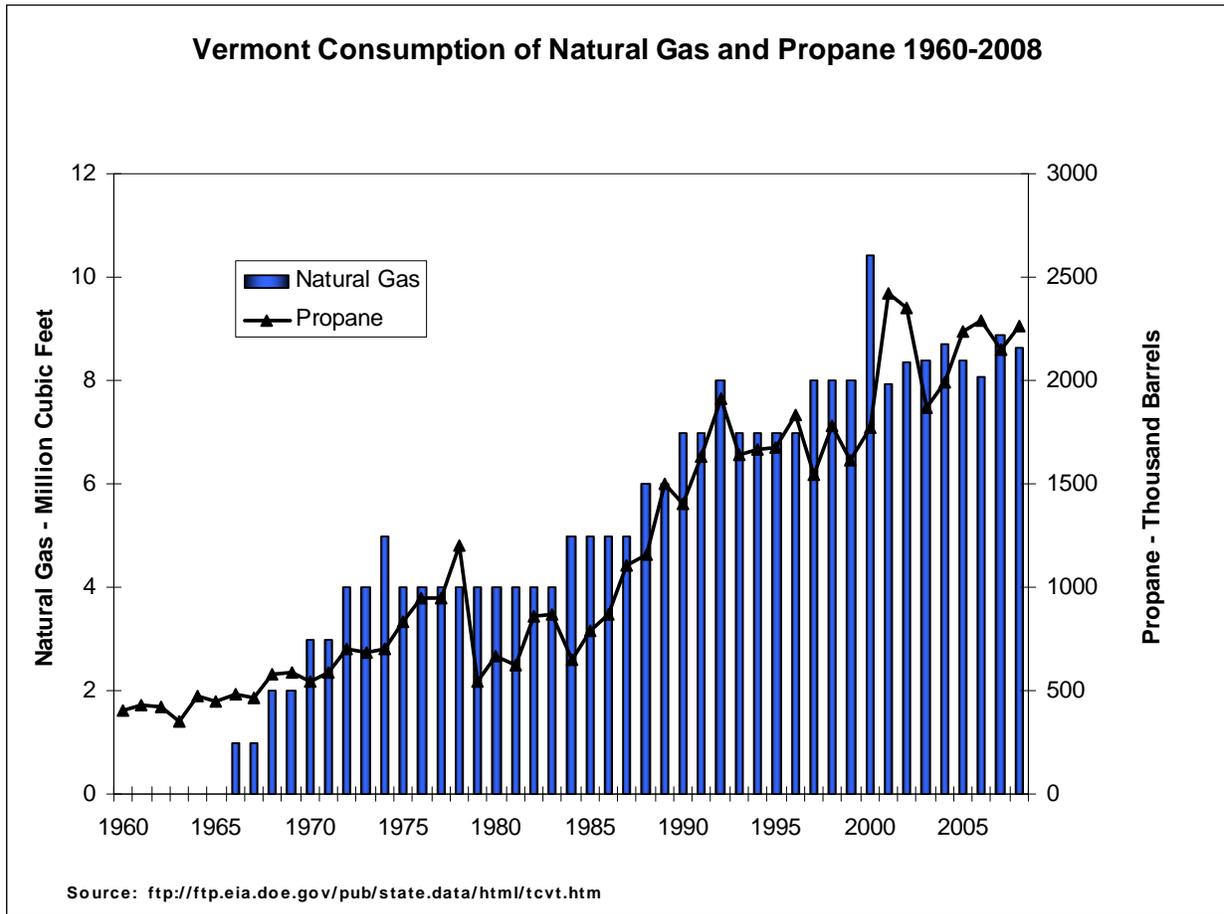


Figure 4-2



GAS- Major Cases

VGS rebuild of pressure-regulation station – Docket 7456

This case was a petition by Vermont Gas Systems Inc. to rebuild and enclose its Winooski Gate State and replace an existing communications building. Although the Department suggested an alternative solution as more cost-effective, the Board found the project as filed to be the more cost-effective alternative and granted the project a Certificate of Public Good under 30 V.S.A. § 248 finding it promoted the general good of the state.

VGS Notice of Probable Violation - Docket 7513

In February of 2009 the Department filed an enforcement action in the form of a *Notice of Probable Violations* (NOPV) against the Vermont Gas Company for violations of the Federal Gas Safety Code. The matter was resolved through a settlement wherein Vermont Gas Company agreed to take remedial actions at certain facilities and to implement a public safety education and awareness program.

Rate and Regulatory Change

On September 1, 2005, the Company filed with the PSB an Alternative Regulation Plan (the Plan) featuring a Purchase Gas Adjustment mechanism (PGA) for the recovery of gas costs and an Earning Sharing mechanism (ES) for the recovery of non-gas costs and the establishment of base rates. On July 31, 2006, the Company and the Department of Public Service (DPS) filed a Memorandum of understanding (the Alternative Regulation MOU) on the proposed Alternative Regulation Plan reflecting a modified PGA and ES. On September 21, 2006, the VPSB approved the Alternative Regulation MOU and the Plan went into effect on October 1, 2006 (fiscal 2007) and ran through September 30, 2009 (fiscal 2009). The Plan allowed for two, two-year renewals. Accordingly, in July 2009, VGS and the DPS reached agreement on the renewal of the Plan and on August 10, 2009 jointly filed a Memorandum of Understanding (the Renewal MOU) renewing the Plan under almost identical terms with the exception of return on equity (ROE) which was revised to 10.25% from 10.50%. On September 23, 2009, the VPSB approved the Renewal MOU and the Plan as modified by the Renewal MOU was extended through September 30, 2011.

Under the PGA contained in the Alternative Regulation MOU and the Renewal MOU, the Company separately identified gas costs from distribution costs in its retail rates. The gas cost component of rates is adjusted quarterly. Variances between actual gas costs and gas costs recovered in rates are captured in a deferral account for subsequent recovery from/return to customers. The Company absorbs the first \$50 (positive or negative) variance each quarter and 10% thereafter. Under the ES contained in the Alternative Regulation MOU and the Renewal MOU, base rates will be adjusted annually pursuant to a cap on operating expenses and a specific calculation of capital-related expenses. The first adjustment occurred in January 2008. Further, the Company's actual earnings on rate base in each fiscal year are subject to sharing with customers. The first 50 basis points difference from the Company's authorized ROE are fully borne by the Company. Earnings greater than 50 basis points over authorized ROE but less than 200 basis points over authorized ROE are shared 75% with customers, 25% to the Company. Earnings more than 50 points under authorized ROE but less than 200 basis points under authorized ROE are shared 50/50

with customers. Earnings greater than 200 basis points (plus or minus) from authorized ROE will be fully returned to/collected from the Company's customers.

PGA filings made according to the Alternative Regulation Plan (ARP) and were implemented as filed. The table below details the PGA filings made during fiscal 2010 and 2009:

Table 4-2- Alternative Regulation Plan Filings 2007- 2010

Filing date	Implementation date	PGA percentage change	Overall percentage change	Notes
February 22,2007	April 23, 2007	8.50%	6.00%	
May 23, 2007	July 23, 2007	7.30%	5.30%	
August 23,2007	October 23,2007	-4.20%	-3.10%	
November 21, 2007	January 21, 2008	-1.20%	5.70%	1
February 22, 2008	April 22, 2008	3.00%	0.20%	
May 22, 2008	July 22, 2008	14.20%	9.50%	
August 22, 2008	October 21, 2008	-3.00%	-2.00%	
November 21,2008	January 21,2009	12.20%	-7.20%	1
February 20,2009	April 20, 2009	-16.60%	-10.90%	
May 21,2009	July 21,2009	0.60%	-0.40%	
August 21,2009	October 21,2009	-2.00%	-1.20%	
December 21,2009	January 23,2010	-3.30%	-2.10%	1
March 12, 2010	April 22, 2010	8.70%	5.20%	
June 17,2010	July 23, 2010	-0.40%	-0.20%	

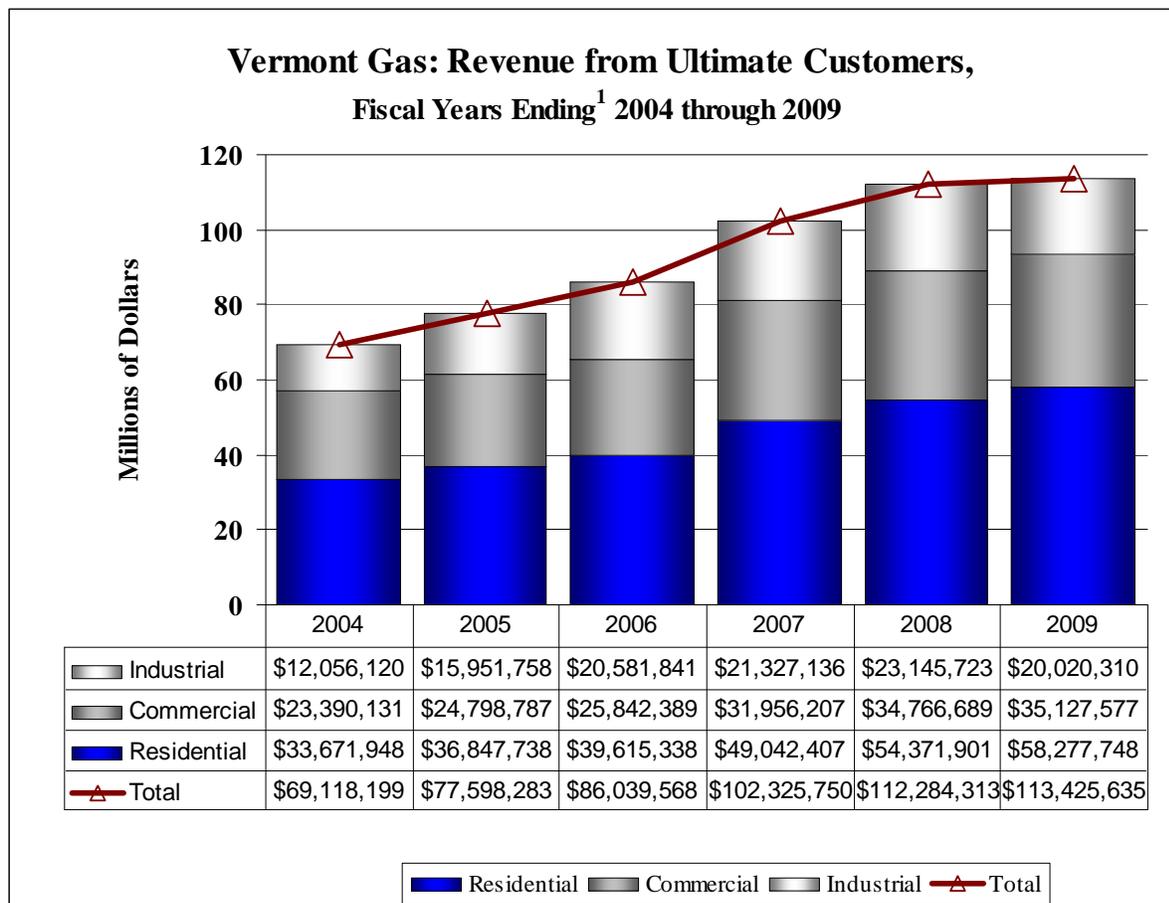
(1) Including effect of Earnings Sharing rate change implemented concurrently and described below.

On November 21, 2008, the Company made its second filing pursuant to the ES to adjust base rates by 3.85%. During 2008, the Company generated a regulatory return on equity of 10.60%. The Company's authorized return on equity at that time was 10.50%. Accordingly, the 10.60% actual return fell within the 50 basis point band that is borne by the Company and as such, no earnings sharing was included in the base rate filing. Under the terms of the ARP, the base rate went into effect 60 days after filing. As a result, effective with bills rendered on or after January 21, 2009, base rates were increased by 3.85%. This increase was offset by a 12.2% decrease in the PGA, for an overall firm rate change of (7.2%).

On November 23, 2009, the Company made its first filing pursuant to the renewed Alternative Regulation Plan. The filing reflected the 10.25% ROE agreed to in the Renewal MOD. Further, during 2009, the Company generated a regulatory return on equity of 11.33%, outside the 50 basis point band that is borne by the Company. Accordingly, the filing also reflected \$14 in earning sharing to be returned to customers. The filing reflected a decrease to base rates of 0.4% and a decrease to the PGA of 3.3% for an overall firm rate change of (2.1 %). Pursuant to the Plan the rate changes went into effect 60 days after filing. Accordingly, base rates were decreased effective with bills rendered on or after January 23, 2010.

In 2010, the Company generated a regulatory return of 10.05%, within the 50 basis point band that is borne by the Company. Accordingly no accrual for earning sharing is reflected in 2010.

Figure 4-3 Revenue from Ultimate Customers, by Customer Class 2000 - 2009



Percentage of Revenue from Ultimate Customers

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	48.72%	47.49%	46.04%	47.93%	48.42%	51.38%
Commercial	33.84%	31.96%	30.04%	31.23%	30.96%	30.97%
Industrial	17.44%	20.56%	23.92%	20.84%	20.61%	17.65%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

¹Fiscal Year October 1 through September 30

Source: September financials

Gas Supply

VGS has two base load contracts; a contract with Sempra for 8,500 Gj/day and with BP for 10,000/Gj/Day. VGS also maintains “on the shelf” blanket supply agreements²⁰ that they use for spot purchases on an as needed basis (no volume commitment or price in the blanket contracts – just the general terms and conditions). VGS execute transactions under these contracts throughout the year for terms generally ranging from one day to one month.

BP Canada Energy (BP): Pursuant to an RFP process, BP was awarded 10,000 Gj per day for the twelve month period beginning November 1, 2010 and ending October 31, 2011. This contract replaces the recently expired Cenovus contract of 10,000 Gj per day. The pricing formula is the same as the Cenovus contract but the AECO/NIT adder has decreased from the Cenovus contract. Like some of VGS’ other supply contracts, the BP contract is implemented via a blanket GasEDI base contract.

Sempra Energy Trading (Sempra): Pursuant to an RFP process, Sempra was awarded 8,500 Gj per day for the twelve month period beginning November 1, 2010 and ending October 31, 2011. This contract replaces the recently expired Suncor and Shell contracts of 4,500 Gj/day and 4,000 Gj/day respectively. The pricing formula is the same as the Suncor and Shell contracts but the AECO/NIT²¹ adder has decreased. The Sempra contract is implemented via a blanket NAESB base contract.

Table 4-4 Vermont Gas Sempra Contract Terms

<u>Type of Service</u>	<u>Start Date</u>	<u>Expiration date</u>	<u>Daily quantity</u>	<u>Pricing basis</u>
Firm supply, year round	1-Nov-09	31-Oct-11	8,500 Gj	Empress, Alberta
Firm supply, year round	1-Nov-10	31-Oct-11	10,000 Gj	Empress, Alberta

VGS expects that the gas purchase contracts listed above will be renewed on similar terms in the ordinary course of business. No contracts have been executed for FY2012. VGS will most likely put their base load requirements out to bid this summer (2011).

Transportation and Storage Contracts

VGS has entered into a natural gas storage contract with Direct Energy Marketing Limited commencing on April 1, 2010 and extending through March 31, 2015. The contract includes a demand charge component which will be expensed ratably over the fiscal year.

In addition to transportation over the TransCanada Pipeline (TCPL) and Union system, VGS has also entered into a number firm transportation services contracts with other parties. A summary of transportation services contracts in effect at September 30, 2010 is as follows:

²⁰ North American Energy Standards Board (NAESB) contract or Gas EDI contract depending on the supplier.

²¹ Alberta Natural Gas Market Pricing

Table 4-5 Vermont Gas Transportation Services Contracts

<u>Type of service</u>	<u>Effective dates</u>	<u>Daily Quantity</u>	<u>Shipping Points</u>
Firm Transport	1-Nov-07 to 31-Oct-17	12,000 Gj	Empress to Philipsburg
Firm Transport, Short Haul	1-Nov-07 to 31-Oct-17	10,000 Gj	Parkway to Philipsburg
Firm Transport, Short Haul	1-Nov-08 to 31-Oct-18	10,000 Gj	Parkway to Philipsburg
Firm Transport	1-Nov-08 to 31-Oct-18	2,000 Gj	Parkway to Philipsburg
Storage Transportation	1-Apr-08 to 31-Mar-20	20,279 Gj	Parkway to Philipsburg
Firm Transport	1-Nov-07 to 31-Oct-17	10,000 Gj	Dawn to Parkway
Firm Transport	1-Nov-08 to 31-Oct-18	10,000 Gj	Dawn to Parkway
Firm Transport	1-Nov-10 to 31-Oct-20	500 Gj	Dawn to Parkway
Firm Transport	1-Dec-10 to 31-Oct-11	6,500 Gj	Empress to Philipsburg

Distribution System

In 1965, VGS installed 45 miles of 10" high pressure transmission line from the Canadian/US border at Highgate to Burlington to replace manufactured gas plants in Chittenden and Franklin counties and began distributing natural gas in the Burlington area in February of 1966.

To support the expanding distribution system, VGS has been reinforcing its 10" transmission line. Over the last decade, VGS has undertaken to parallel the 10" transmission line with a state of the art 16" pipeline. Presently it has installed 10 miles of 16" pipeline from the border south. VGS is planning to continue phasing in additional sections of pipeline over the next several years and is presently gathering the environmental data required for the permit process.

VGS gas service lines are a reflection of its gas mains; 84% of the 32,245 services are constructed of PE pipe and the remaining 16% are coated and catholically protected steel lines. Of the service lines, 82% are less than twenty-five years old. Customer growth over the last several years has required the installation of approximately eight hundred new services each year.

Energy Efficiency

VGS offers demand - side management programs for residential and commercial customers. The programs offer financial and technical assistance to customers to help ensure the efficient use of natural gas. As Vermont's only regulated gas utility, Vermont Gas Systems also is required by Vermont law to provide least cost service and to provide cost effective efficiency services to its customers.

Figure 4-5 Vermont Gas DSM – Expenditures and Savings 2000-2009

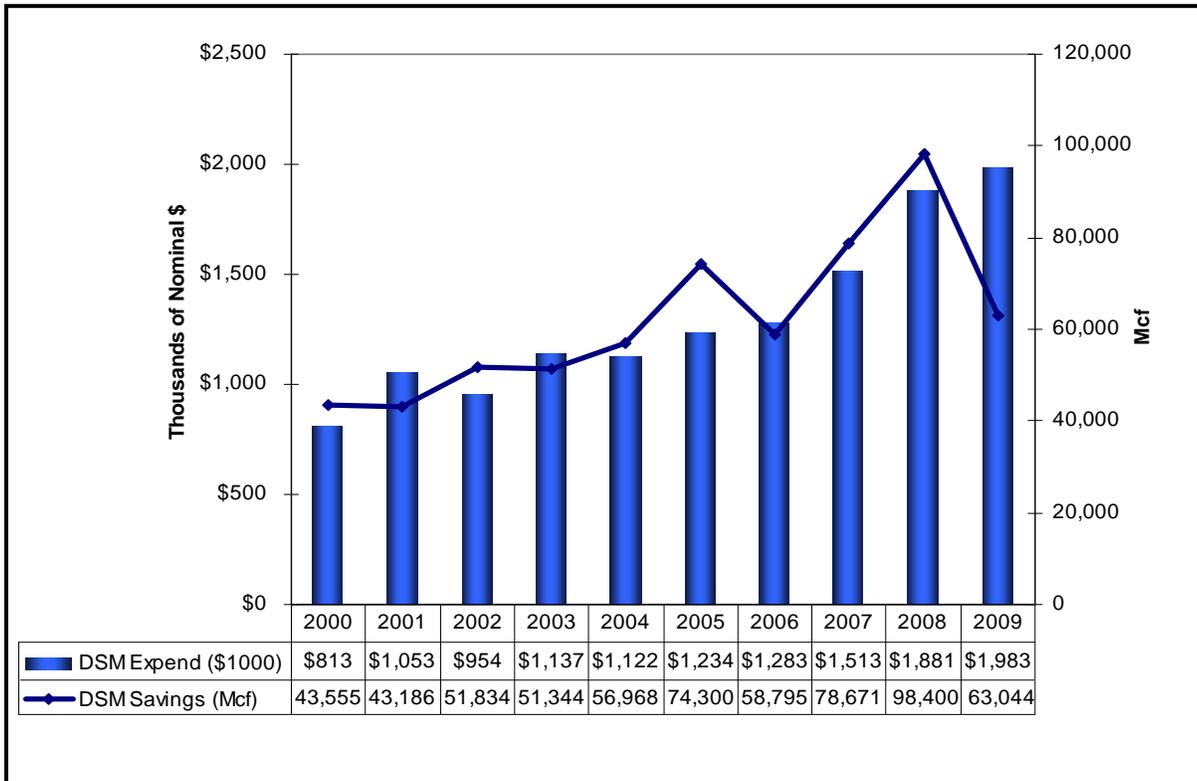


Table 4-6 Vermont Gas Financials

Condensed Operating Statements 2006 and 2007

	2006	2007
Total Revenue	\$93,024,302	\$106,588,451
Operation Expense	\$74,363,348	\$89,307,864
Maintenance Expense	\$702,140	\$788,527
Deprecation Expense	\$4,039,299	\$4,446,947
Amortization Expense	\$0	\$0
Property Loss	\$0	\$0
Taxes Other	\$2,305,034	\$2,384,102
Federal Income Tax	\$3,337,702	\$2,701,274
State Income Tax	\$649,325	\$366,452
Total Utility Operations Expense	\$85,396,848	\$99,995,166
Net Utility Operating Income	\$7,627,454	\$6,593,285
Total Other Income	\$33,048	\$26,704
Net Other Income & Deductions	\$0	\$0
Net Interest Charges	\$1,679,965	\$2,248,313
Extraordinary Items after Income	\$0	\$0
Net Income	\$5,980,537	\$4,371,676

¹Fiscal Year October 1 through September 30

Condensed Balance Sheets 2006 and 2007

	2006	2007
Total Utility Plant	\$129,276,087	\$141,316,276
Less; Depreciation & Amortization	(\$47,017,700)	(\$5,054,200)
Net Utility Plant	\$82,258,387	\$136,262,076
Other Property & Investments	\$1,220,840	\$1,299,006
Current & Accrued Assets	\$17,830,568	\$26,628,118
Deferred Debts	\$11,930,640	\$17,322,215
Total Assets & Other Debits	\$113,240,435	\$181,511,415
Proprietary Capital	\$40,953,821	\$53,719,775
Long - Term Debt	\$20,000,000	\$20,000,000
Current & Accrued Liabilities	\$40,783,484	\$45,751,296
Deferred Income Tax	\$11,499,300	\$14,236,500
Deferred Credits	\$3,830	\$2,703,842
Total Liabilities & Other Credits	\$113,240,435	\$136,411,415

Condensed Operating Statements 2008 and 2009

	2008	2009
Total Revenue	\$116,339,170	\$116,083,698
Operation Expense	\$96,448,353	\$94,223,134
Maintenance Expense	\$1,187,394	\$1,369,023
Deprecation Expense	\$4,884,960	\$5,374,917
Amortization Expense	\$0	\$0
Property Loss	\$0	\$0
Regulatory Debits	\$0	\$20,345
Taxes Other	\$2,410,509	\$2,527,533
Income Taxes	\$3,636,797	\$4,044,071
Total Utility Operations Expense	\$108,568,013	\$107,559,023
Net Utility Operating Income	\$7,771,157	\$8,524,675
Total Other Income	\$14,315	\$0
Net Other Income & Deductions	\$0	\$0
Net Interest Charges	\$2,330,279	\$2,455,878
Extraordinary Items after Income	\$0	\$0
Net Income	\$5,455,193	\$6,068,797

¹Fiscal Year October 1 through September 30

Source: Annual Report

Condensed Balance Sheets 2008 and 2009

	2008	2009
Total Utility Plant	\$150,999,003	\$160,722,833
Less; Depreciation & Amortization	(\$53,200,703)	(\$55,995,153)
Net Utility Plant	\$97,798,300	\$104,727,680
Other Property & Investments	\$1,448,835	\$1,603,600
Current & Accrued Assets	\$22,342,240	\$23,610,935
Deferred Debts	\$19,561,617	\$18,776,769
Total Assets & Other Debits	\$141,150,992	\$148,718,984
Proprietary Capital	\$55,174,968	\$55,441,090
Long - Term Debt	\$20,000,000	\$30,000,000
Current & Accrued Liabilities	\$50,596,052	\$43,668,854
Deferred Income Tax	\$14,437,200	\$18,330,163
Deferred Credits	\$942,772	\$1,278,875
Total Liabilities & Other Credits	\$141,150,992	\$148,718,984

5. REGULATED WATER AND WASTEWATER COMPANIES

The Department and the Board regulate only privately owned water companies. Many but not all of these are also regulated by the Water Supply Division of the ANR. A number of Vermont's small private water companies are barely viable; some lack professional or interested management, access to reasonably-priced capital, or have other problems affecting their overall viability. Some PSB-regulated companies have been taken over by municipalities, fire districts, or other consumer-owned entities that are better able to operate these systems in a sustainable manner. The DPS generally encourages such transfers, and works with customers to help them evaluate alternatives to an investor-owned water utility.

As of June 30, 2010 there were 21 active water systems regulated by the Department and Public Service Board. During the period July 1, 2006 through June 30, 2010, the Department reviewed two requests for transfers to consumer-controlled entities, three rate increase requests, two transfers of control, and six financing requests. DPS also investigated two applications for certificates of public good, four complaints regarding billing for water by entities that did not have a CPG, and one customer-initiated docket regarding collapse of a water-storage facility. Of the customer-complaint dockets, three remain pending; two of these complaints resulted in CPG applications. The companies transferred are the AZ Craig Water System (to a customer-owned company) and the Riverside Water Works, Inc. (to a fire district). These two systems are therefore no longer regulated by the PSB.

C. Major Cases – Water

Of the 23 cases completed and pending during the biennium, nine involved the water systems at four resort areas: Ascutney, Okemo, Sugarbush and Bolton Valley. Three resort areas were the subject of consumer complaints regarding billing for water without a CPG, two of which (Ascutney and Okemo) caused the resort owner to apply for a CPG. The third case (Docket 7424) involved a water system owned by a condominium owners' association (COA), and was resolved by transferring an interest in the water system to the customers (another COA) and including them in management. A consumer complaint against the Ascutney resort (Dockets 7116 and 7275) reported in the last Biennial resulted in an order requiring refunds of all revenues collected; this case apparently alerted customers at other resorts to the possibility that they were being illegally charged for water service. The Ascutney case involved only two billings and therefore limited refunds. An open issue in one pending docket (Kettle Brook COA v. Okemo LLC, Docket 7552) is how far back refunds would extend in a case where the billing has taken place over decades. The DPS has not yet taken a position on this issue, but will seek an appropriate balance between the interests of ratepayers and those of the resort.

The three companies seeking increased rates during the 2006-2010 biennium were the Colonial Estates Water Company serving part of the Rutland area (Docket 7279), the Arlington Water Company serving the town of Arlington (Docket 7333), and Chalet Village, which serves in the Stockbridge area (Docket 7443). The increase requested and received were: Colonial Estates 66.67%, 34%; Arlington Water 41.7%, 36.8%; and Chalet Village 36%, 36%. Many small water companies are reluctant to file rate increase requests, for various reasons, which explains some of the relatively large percentage increases. In addition many companies file for new rates when they are facing significant infrastructure needs, which also results in relatively large requests. Several water companies have accessed the Drinking Water State Revolving Fund, a low-interest loan program administered by the Water Supply Division of ANR and the Vermont Economic Development Authority (VEDA), to finance major system improvements. A prerequisite to approval of such loans (for PSB-regulated systems) is entry of a PSB rate order demonstrating ability to meet debt service on the new loan, as well as PSB financing approval under 30 V.S.A. § 108.

In 1993, 30 V.S.A. § 203(6) established a requirement that the Public Service Board regulate wastewater companies, other than those owned by a municipality, that are engaged in the collection or disposal of wastewater or domestic sewage and have 750 or more service connections. The one company that was subject to this statute, Quechee Service Company, was later transferred to the Town of Hartford. There are a few water companies (such as Catamount/Bolton Water & Sewer Company) that own, or are affiliated with companies that own, wastewater systems. Consumers sometimes question whether regulation of the water rates could be effectively nullified by increases in unregulated sewer rates. While the concern is legitimate, other than the Quechee case the DPS has not seen this actually happen.

An emerging issue in water system regulation involves PSB regulation of water systems in mobile home parks. In some cases these parks can benefit from metering and billing for water separately from the lot rent. In addition to a desire to encourage conservation to reduce total costs, consumption-based metering and billing may also be driven by an urgent need to conserve septic capacity or prevent septic system failure. In October 2002 the PSB ruled that if a mobile home park meters and bills for water it is a water company which under existing law must be rate regulated. This ruling may have the unintended effect of discouraging parks from metering and billing for water, despite the economic and environmental benefits of doing so. In one case during this biennium residents of a mobile home park filed a petition stating that they were being illegally charged for water service by the park owner, which did not have a CPG. The DPS is in the process of concluding a settlement of the matter that will provide refunds to park residents; the owner of the park has stopped billing separately for water and sewer services, and now includes the costs in lot rent. While this settlement will resolve the case and avoid regulation of the park, the cessation of consumption-based billing is also likely to result in earlier failure of the septic system.

Table 5-1 Vermont Regulated Water & Wastewater Companies: Residential Connections as of June 2010

<u>Company</u>	<u>Location</u>	<u>Connections</u>
Arlington Water Co.	Arlington	458
Ascutney Mountain Water	Brownsville	273
Austin, Paul A.	Shelburne	3
Barnet Water System	Barnet	61
Berlin Water Company	Berlin	34
Birchwood Manor MHP	Milton	172
Bolton Valley Water & Sewer	Bolton	169
Bonnell Water System	Newport	6
Bromley Water Company	Bromley	325
Burke Mountain Water Company	Burke	192
Chalet Village Water System	Stockbridge	30
Colonial Estates Water Company	Rutland	75
Country Estates Water Company	Ascutney	188
Craig, A.Z. Water Company	Sutton	4
Crystal Springs Water Company	E. Montpelier	115
J&F Water Company	Colchester Center	3
Jay Utility Company	Jay	5
Krohn, John F.	Milton	3
L&B Water Works	Wheelock	20
Middle Road Utility Co.	Colchester	0
Mountain Water Company	Warren	658
Pines Development Water System	Morrisville	9
Smugglers Notch Water Company	Jeffersonville	641
Vermont Water Utilities	Georgia	51
Westminster Aqueduct Society*	Westminster	55
Willoughby Lake Water Works	Westmore	15
Woodstock Aqueduct Company	Woodstock	540
Total water connections		4,105
*pending transfer to municipality.		