



January 14, 2011

Mrs. Susan Hudson, Clerk
Vermont Public Service Board
112 State Street
Montpelier, VT 05620

RE: Docket 7081 information filing to extend deadlines in the
VSPC Project Priority List

Dear Mrs. Hudson:

This letter and attachment constitute an information filing made in accordance with Paragraph 51 of the Memorandum of Understanding in Docket 7081, which provides for extension of deadlines contained in the Vermont System Planning Committee's Project Priority list filed with the Public Service Board on February 11, 2010, and updated on June 29, 2010. Paragraph 51 states in part:

*Upon filing by the VSPC, the NTA Analysis and decisions on solution selection, implementation strategy, and cost allocation for the subject Reliability Deficiencies shall be made in accordance with the dates contained on the filed priority list unless the Board directs otherwise. **Subsequent to such filing, the Affected Utility or Utilities may make another informational filing to the Board to extend a deadline contained therein, stating the new deadline and the reason for the extension.** The Department, all other participants in the VSPC, and all Parties shall be provided notice and a copy of the filing at the time priority lists or extensions thereof are submitted under this paragraph. At any time, any participant in the VSPC or Party may request Board review of whether such a priority list or extension should be modified, and the Board may initiate such review on its own motion. [emphasis added]*

As we reported to the Board in June, 2010, altered conditions and particularly the expanded role of the New England Independent System Operator (ISO-NE) in transmission planning have changed the timing of many of the dates established in the VSPC Project Priority List. Many of the dates in the update filed in June, 2010, assumed that the ISO-NE Vermont/New Hampshire Needs Assessment would be completed in 2010. That study is now due to be completed in the first half of 2011, affecting Vermont planning steps that are contingent upon the regional study.

Although the increasing influence of the regional planning process is requiring changes in previously filed Vermont milestones, effective work has been done this past year in advancing Vermont goals regionally and better coordinating the state and regional processes. VELCO, the Vermont utilities, and other stakeholders influenced the scope of the ISO-NE VT/NH Needs Assessment to consider a variety of base case assumptions that were not part of the initial proposed scope. More significantly, and with due credit to ISO-NE, Vermont stakeholders helped bring about the first-ever ISO-NE analysis to determine the size and location of potential non-transmission alternatives. This pilot effort in conjunction with the needs assessment will serve as the model for present and future needs assessments.

For the present, VELCO, following consultation with the Affected Utilities, submits the attached revision to the dates in Project Priority List filed February 11, 2010, and modified by the VELCO filing of June





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29, 2010. The revision shows adjustments of previously filed deadlines in yellow. The changes reflected in the attachment are described in narrative form below.

Explanation of changes

Nine of the 21 issues on the Project Priority List require some change in deadlines to accommodate regional planning processes and interaction among projects. The following section identifies the reasons for the proposed changes reflected on the attached Project Priority List revision.

- The substation projects in Priorities 3B (Georgia substation), 7 (Ascutney substation), and 10 (Bennington substation) have completed the regional review process at ISO-NE. NTA screening was presented to the VSPC on September 14, 2010, and the group requested that VELCO evaluate the financial performance of a theoretical generation solution. The additional analysis will be presented to the VSPC in the first quarter of 2011, and remaining steps will be completed in the second quarter.
- Priority 8A (Newport capacitor) will now be re-evaluated in the 2012 Plan update, taking into account the impact of Jay area upgrades that are now in the regulatory process.
- Priorities 8B (Queen City capacitor), 8D (Blissville capacitor), and 9 (Ascutney capacitor) are likely to be affected by the results of the ISO-NE regional study. To accommodate the consideration of regional study results, NTA analysis will be revisited in the first quarter of 2011, and solution selection, cost allocation and implementation strategy will be completed in the second quarter.
- A petition for a Certificate of Public Good has been filed for Priority 8C (West Rutland capacitor), completing all VSPC steps for this priority ahead of the previous schedule.
- Transmission analysis and NTA screening are complete for Priority 11 (reactors at transmission voltage) and regional review is underway. Solution selection, cost allocation and implementation strategy will be completed in the second quarter of 2011.

Should the Board want further information about any of the altered timelines described in this filing, VELCO and the affected utilities will be happy to provide further information.

Sincerely,

Thomas Dunn,
Vice President for Transmission Services

cc. Docket 7081 parties
VSPC participants



TIMING OF PROJECT STEPS FOR ALL IDENTIFIED RELIABILITY PROJECTS -- Updated 1/2011

Key on following page

CALENDAR QUARTERS

	Year Needed *	Load MW Needed	Completed	2010				2011				Notes.
				1	2	3	4	1	2	3	4	
Priority 1 : St. Johnsbury	pre 2009	400	T, N, SCI									In service.
Priority 2 : Middlebury	pre 2009	700	T, N, SCI									Permitted
Priority 3A : St. Albans	pre 2009	850	T, N, SCI									All steps completed
Priority 3B : Georgia substation	pre 2009	800	T		T		SCI					
			T					N	SCI			T complete. ISO review completed.
Priority 3C : Georgia - St. Albans	pre 2018	1275	TBD									No change.
			TBD									
Priority 4 : Rutland area	pre 2009	1000	T					N	SCI			No change.
			T					N	SCI			No change.
Priority 5 : Blissville - transformer	pre 2009	800	TBD**									No change.
			TBD**									No change.
Priority 6 : Hartford - transformer	pre 2009	800							T	N	SCI	No change.
									T	N	SCI	No change.
Priority 7 : Ascutney substation	pre 2009	750			T		SCI					
			T					N	SCI			T complete. ISO review completed.
Priority 8A : Newport capacitor	pre 2009	1000				T	SCI					
			TBD**									To be address in 2012 Plan update taking Jay upgrades into account.
Priority 8B : Queen City capacitor	pre 2009	<1120					T		SCI			T and N analysis based on results of ISO regional study.
									T	N		SCI dates to be determined accordingly.
Priority 8C : West Rutland capacitor	pre 2009	<1120					T		SCI			
			T, N, SCI									Section 248 petition filed.
Priority 8D : Blissville capacitor	pre 2009	<1170					T		SCI			T and N analysis based on results of ISO regional study.
									T	N		SCI dates to be determined accordingly.
Priority 9 : Ascutney capacitor	pre 2009	<1170					T		SCI			T and N analysis based on results of ISO regional study.
									T	N		SCI dates to be determined accordingly.
Priority 10 : Bennington substation	pre 2009	500			T		SCI					
			T					N	SCI			T complete. ISO review completed.
Priority 11 : reactors @ transmission voltage	pre 2009	400			T		SCI					
			T, N						SCI			T complete. ISO approval process commenced.

Priority 12 : Coolidge - Ascutney K-31 line	pre 2009	n/a				T	SCI: 12/31/12. Need to be determined by ISO regional study
						T	No change.
Priority 13 : VV - Vernon Road Tap K-186 line	pre 2009	n/a				T	SCI: 12/31/12. Need to be determined by ISO regional study
						T	No change.
Priority 14 : Vernon	2010	1185				T	SCI: 12/31/12. Need to be determined by ISO regional study
						T	No change.
Priority 15 : Ascutney - Ascutney Tap K-149 line	2013	1210				T	SCI: 12/31/12. Need to be determined by ISO regional study
						T	No change.
Priority 16 : Coolidge - Cold River K-32 line	2013	1210				T	SCI: 12/31/12. Need to be determined by ISO regional study
						T	No change.
Priority 17 : Ascutney - transformer	2013	1210				T N SCI	
						T N SCI	No change.
Priority 18 : Coolidge - transformer	2016	1245	TBD			T	SCI: 12/31/12. Need to be determined by ISO regional study
						T	No change.
Priority 19 : Barre	2018	1275	TBD				
							No change
Priority 20 : Chelsea	2018	1275	TBD				
							No change
Priority 21 : Plattsburgh - Essex	Note ***	n/a	TBD				
							No change

Note * : Based upon 2008 load forecast

Note** : See VSPC annual report for discussion of operational measures to address this deficiency prior to 2012 Plan update.

Note*** : Timing is unknown at this time.

Key:

Tan color: milestones in Project Priority List filed 6/2010

Yellow color: projects with changed milestones, 1/2011

T = Transmission Analysis

N = Non-transmission alternative analysis (priorities with no "N" entry screened out of further NTA analysis in Long-Range Plan

S = Solution selection

C = Cost allocation

I = Implementation strategy

TBD = To Be Determined after the completion of the 2012 Long Range Transmission Plan

n/a = Not applicable

1/14/2011