

January 8, 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 quarter 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 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,

Hantz Presume
Lead Planner

cc. Docket 7081 parties
VSPC participants