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August 25, 2009

Ms. Susan M. Hudson, Clerk
Vermont Public Service Board
Chittenden Bank Building, Fourth Floor
112 State Street, Drawer 20
Montpelier, Vermont 05620

Re: Docket No. 7081 – Enlargement of Time to Complete Required Non-Transmission Alternatives Analysis for the St. Albans/Georgia Project

Dear Ms. Hudson:

Please accept this letter as Central Vermont Public Service Corporation's ("Central Vermont," "CVPS" or the "Company") informational filing regarding the time necessary to complete the required Non-Transmission Alternatives ("NTA") analysis for the St. Albans/Georgia Project. To the extent that Board approval for this schedule enlargement is required, this letter will serve as Central Vermont's request for such approval. Specifically CVPS seeks authorization to enlarge the time for the completion of its required NTA analysis to October 31, 2009 and the selection of a solution for the CVPS subtransmission reliability deficiency to January 31, 2009

By letter of December 19, 2008, Central Vermont filed a request with the Public Service Board (the "Board") to enlarge the time set out for the completion of required Transmission Analysis for the St. Albans/Georgia Project as described in the June 19, 2008 Vermont System Planning Committee's (the "VSPC") Project Priority List required pursuant to Paragraph 51 of the Memorandum of Understanding (the "MOU") approved with conditions by Order of June 20, 2007 in Docket No. 7081. The Project Priority List had been approved by the Board by Order of July 10, 2008. The CVPS request for enlargement was approved by the Board by Order of February 25, 2009. That Order established August 31, 2009 as the due date for any required NTA Analysis for this project.

The St. Albans/Georgia Project addresses the following deficiencies:

- Loss of one St. Albans 115/34.5 kV transformer overloads the other.

- Loss of the St. Albans transformers with loss of the 115 kV line or the East Fairfax transformer causes local voltage collapse.
- Breaker failure at Georgia substation results in unacceptable voltage / thermal performance locally.

See Project Priority List at 8. The VSPC explained that these deficiencies were “given a priority of 5 because they could occur at load levels as low as 850 MW.” *Id.* The submission further noted that this is primarily a subsystem concern and proposed that the transmission analysis would be completed by December 31, 2008. Because this project affects the subtransmission system of Central Vermont, CVPS is responsible for the performance of the required analysis.

Subsequent to the publication of the Project Priority List, Central Vermont commenced efforts to analyze transmission alternatives for the St. Albans/Georgia Project. A critical element of one leading solution alternative was the addition of a new substation at VELCO’s St. Albans 115 kV tap with new 115 kV breakers looking north to VELCO’s Highgate substation and south to VELCO’s Georgia substation. These new breakers would hypothetically permit St. Albans (*a.k.a.* Nason Street) substation to continue to be supplied by the VELCO 115 kV system for a fault on either side of the new substation, unlike today. Specifically, it was assumed that the St. Albans substation could continue to be supplied via VELCO’s “Northern Loop”, that is, the 115 kV St. Johnsbury-Newport-Highgate-St-Albans tap 115 kV line, for loss of VELCO’s 115 kV Georgia-St. Albans tap line. However, it has come to the Company’s attention that the loss of the VELCO Georgia to St. Albans tap 115 kV line results in inadequate system performance in this region and may lead to voltage collapse of at least a portion of the subtransmission system supplied by the St. Albans substation. This problem was also identified in the VELCO Long Range Plan. As a consequence, the issues associated with the analysis were determined to be more complicated and of broader scope than originally assumed and that it was appropriate to group this problem with related reliability concerns affecting the VELCO bulk transmission system.

To address this issue, CVPS and VELCO collaborated on a joint planning study that addressed both the subtransmission and bulk transmission constraints to ensure that a comprehensive least-cost solution to these interrelated problems was identified. The Joint Transmission Analysis was completed by May 31st as contemplated under the timeline approved by the Board’s Order of February 25, 2009. This analysis determined that the Transmission Solution to address area reliability deficiencies would be a new 115/34.5 kV interconnection in the vicinity of Georgia. This Transmission Solution was reported to the VSPC at its June 2009 meeting. The analysis supporting this decision was presented at the VSPC’s Transmission Subcommittee on August 3, 2009.

In accordance with the requirements of the Docket No. 7081 process, CVPS next began to conduct an NTA analysis to determine if cost-effective alternatives to the proposed Transmission Solution could be identified. Toward this end the Company has completed the load flows required for the assessment of generation options and is now starting on the demand

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side management/distributed generation (DSM/DG) alternative load flows. The Company has also updated the economic inputs to be used in the study and is in the process of completing the spreadsheets that evaluate the PVRR (Present Value Revenue Requirement) societal costs of the different generation options. Due to the complexities of the studies and the fact that CVPS is continuing to develop techniques to conduct the required analysis, the DSM/DG load flow work is more complex than had initially been contemplated. The Company now believes that this work should be completed by mid-September and then the final economic analysis can be finished by the end of September. Since this effort must involve engineering review by both CVPS and VELCO, an additional two to four weeks will then be required to fully vet the study results. For these reasons, CVPS respectfully requests that the term for completion of the required NTA Analysis be extended to October 31, 2009.

Pursuant to Paragraph 51 of the Docket No. 7081 MOU, subsequent to the filing of a Project Priority List, "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." *Id.* This letter will serve as Central Vermont filing pursuant to Paragraph 51. Copies of this letter are being served on the Department of Public Service and all participants in the VSPC.

For the reasons described in this letter, Central Vermont now believes that it will need until October 31, 2009 to complete its required NTA analysis for its St. Alban/Georgia Project. This will also require that the date for Solution Selection for the CVPS problem will need to be extended to January 31, 2010. CVPS continues to coordinate with VELCO on this matter and will report any further schedule or scope changes as they become know to the Company.

Should you have questions concerning this submission, please do not hesitate to contact me. In the mean time I remain,

Respectfully yours,



Morris L. Silver
Counsel for Central Vermont Public
Service Corporation

MLS/m
cc: Service List
Parties to the VSPC (via electronic service)