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July 31, 2009

Mrs. Susan M. Hudson  
Clerk  
Vermont Public Service Board  
Drawer 20  
Chittenden Bank Building  
112 State Street  
Montpelier, VT 05620-2701

Re: Gorge Area Reinforcement Project, Public Service Board Docket No. 7460  
Petitioners' Supplemental filing to Address Issues Raised by DPS

Dear Mrs. Hudson:

Following initial discovery in this proceeding, the Petitioners and the Department of Public Service ("DPS") requested the Board to suspend the docket schedule pending further analyses of issues raised by the DPS concerning the need for the Gorge Area Reinforcement Project ("GAR Project" or "Project").<sup>1</sup> Specifically, the DPS asked Petitioners to review and adjust the forecast as appropriate to account for (1) 2007 and 2008 actual load data, (2) impacts on projected loads that may result from the recent national economic downturn, and (3) normalization for weather effects. The DPS also requested more clarification on the projected savings expected from energy efficiency efforts in the GAR Project area and its impact upon the Project need date.

Attached hereto is supplemental testimony that responds to the DPS' request for additional analysis. Mr. Cecchini's supplemental prefiled testimony provides a description of the additional work performed to update the load forecast as requested by the DPS. Mr. Castonguay's supplemental prefiled testimony describes load indicators in the GAR Project load area, and explains Green Mountain Power's planning decision to move forward with the Project. Mr. Grimason's supplemental testimony describes updated energy efficiency estimates, and Mr.

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<sup>1</sup> See 12/26/08 and 11/4/08 letters from James Porter to Susan Hudson

Smith's testimony describes the updated estimate for demand response potential in the GAR Project area, as well as analysis completed to evaluate local generation as an alternative to the GAR Project. Mr. LaForest's supplemental testimony describes the results of the updated load flow study analysis performed by VELCO which incorporates the updated load forecast and energy efficiency savings estimates. His testimony also describes the impact on GAR Project need, based on adjustments to external assumptions, a presumed implementation of a local demand response program and the influences of these adjustments on system performance.

In summary, the results confirm the need for upgrades at both the GMP Gorge substation and for the proposed new VELCO / GMP Lime Kiln substations given updated load forecast information. Specifically, the results show<sup>2</sup>:

- (1) In 2009 the Essex X-10 transformer overloads for loss of the Essex X-20 transformer. The "downstream" GMP 3351 line overloads for the same outage. The loss of the Essex X-10 transformer causes overloads on the GMP 3350 line. These results demonstrate a need for the VELCO/GMP Lime Kiln substations in 2009.
- (2) 2010 is the need year for the rebuild of the GMP Gorge substation to correct unacceptably low post-contingency voltage for loss of the GMP 3307 and 3308 lines on a double circuit tower ("DCT") and the Lime Kiln substations to remove overloads on the Essex X-10 115 / 34.5 kV transformer for loss of the Essex X-20 transformer.
- (3) In 2011, even with the GMP Gorge substation rebuilt, the VELCO/GMP Lime Kiln substations are still needed due to post-contingency overloads on the Essex X-10 transformer for loss of the Essex X-20 transformer, as well as overloads of the "downstream" GMP 3351 line. The loss of the Essex X-10 transformer causes overloads on the GMP 3350 line.
- (4) A recent review of transformer ratings indicates that the Essex X-10 transformer has a 54 MVA long term emergency (LTE) rating. This lower rating poses a greater reliability risk than past analyses had indicated for current peak load levels. VELCO needs to improve the cooling on the transformer to increase the current 54 MVA LTE rating to approximately 60 MVA to improve GAR area system reliability.
- (5) The VELCO / GMP Lime Kiln substations remove the local reliability concerns until 2018 when loss of the Essex X-20 transformer overloads the Essex X-10 transformer assuming the restoration of the unit's LTE rating of 60 MVA.

The Petitioners have shared the attached supplemental filing with the DPS. Petitioners are in the process of completing one additional piece of supplemental testimony, which testimony will describe the proposed additional cooling fans proposed to be installed at the Essex substation as per item no. 4 noted above. Petitioners will be reviewing this testimony with the DPS prior to filing with the Board, but expect a filing with the Board within the next week or so.

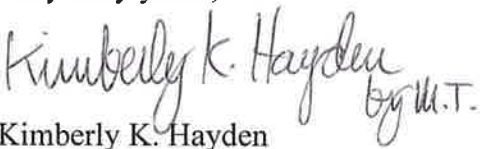
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<sup>2</sup> See supplemental prefiled testimony of Dean L. LaForest at 4.

As to the remainder of the docket schedule, Petitioners and the DPS have had discussions concerning proceeding with a Memorandum of Understanding to set forth the parties' mutual resolution of issues in this proceeding, as opposed to having separate testimony filed by the DPS. Mr. Porter is currently on vacation, and therefore we will be updating the Board on our recommendations following his return in mid-August. At such time, the parties expect to notify the Board regarding the status of an MOU and recommendations for the process and schedule for the remainder of the docket.

Thank you for your assistance with this matter.

Very truly yours,

  
Kimberly K. Hayden

cc: Service List  
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**Vermont Public Service Board, Docket No. 7460  
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**Adjoining Property Owners:**

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Josh Gretenstein  
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Winooski, VT 05404

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Colchester, VT 05446

Al Pidgeon  
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