

WELCOME!

We are delighted that you are here and feel honored that you have given up a portion of your day to be with us.

Central Vermont Public Service (CVPS) and the Vermont Electric Power Company (VELCO) are committed to engaging the public in an open discussion about the electric power infrastructure needs in southern Vermont. Since January, we have been working through an innovative public outreach process. Tonight's Informational Open House is an important part of that process, and your input is critical in helping us determine how best to resolve some important electric reliability issues facing the greater Southern Vermont community.

THE STORY BEHIND TONIGHT'S MEETING

Led by a 10-person Leadership Team that included local legislators, environmental advocates, community and business leaders and utility representatives, CVPS and VELCO conducted an intense, 2-day Utility Search Conference on January 30-31, 2006. The Leadership Team asked conference attendees to consider the following Problem Statement:

“Southern Vermont electrical transmission facilities have limited ability to support increased electrical demand and are unable to withstand failures of, or to have preventive maintenance conducted on, key components at present demand levels. The reliability of the regional bulk transmission system that connects southern Vermont, southwestern New Hampshire and northwest Massachusetts is at risk at existing demand levels, with increasing reliability risk as regional electrical demand levels increase.”

The conference was attended by 46 individuals, representing 7 different Stakeholder Groups. Prior to the conference, participants were given a Background Report that was drafted by an independent consulting firm with input from 8 Vermonters who served on a Background Report Committee.

At the conclusion of the 2-day summit, participants advanced several recommendations to address the Problem Statement, including a consensus among participants that CVPS should move “immediately” in the months following the conference to design and install a

“synchronous condenser” at or near Stratton, Vermont. (You can learn more about this device and its capabilities at the “Photo Simulations” workstation inside as well as at the Southern Loop web site.)

Also at the conclusion of the conference, a group of volunteers formed a “Community Working Group” consisting of individuals representing a broad array of interests. The purpose of this group, as defined by the Leadership Team, was to “review and strengthen the recommendations that came out of the Utility Search Conference.” The Community Working Group has been meeting monthly since March to pursue this objective. During the course of its deliberations, members provided and received a great deal of information on issues of concern. As with any undertaking of a task of this magnitude, there were (and remain) some areas of disagreement among the members. Yet there was also a great deal of consensus on many key issues, including the conclusion that the option of “doing nothing” regarding the Southern Loop Problem Statement is not viable.

Tonight you will see the Community Working Group’s four “preliminary preferred” recommendations. The recommendations are “preliminary” because the group is very interested in obtaining input from you this evening. The recommendations are “preferred” because, after months of examining the various options, the group identified the four options you will see tonight as the most viable, from an initial list of 10 possibilities (the list of 10 initial options considered by the CWG is included in this packet).

NEXT STEPS

The Community Working Group will meet again to consider the information received and exchanged with you and others at the three Informational Open House meetings we are holding this week (September 12 at Stratton, September 13 in Bennington, and September 14 in Brattleboro). The group will then finalize its recommendations and will forward these to CVPS and VELCO for their consideration.

CVPS and VELCO will consider the recommendations provided by the Community Working Group and the Utility Search Conference participants and may seek additional input from potentially affected Vermonters. Based on the significant input they have received throughout this process and consistent with their legal obligation to ensure reliable

power for their customers, the companies will select a project that they deem appropriate for resolving the Southern Loop Problem Statement. The project advanced by CVPS and VELCO will then be subject to a series of regulatory proceedings, including additional opportunities for public involvement and comment. The Public Service Board ultimately will determine whether the project advanced by CVPS and VELCO meets the requirements necessary to receive a “Certificate of Public Good” or other applicable authorization. Various additional environmental permits are also required for certain of the alternatives.

Finally, one of the critical recommendations that came out of the Utility Search Conference in January was the desire on the part of conference participants to address issues such as the Southern Loop Problem Statement on a more comprehensive, state-wide scale. The Department of Public Service made a presentation to the Community Working Group at the group’s initial meeting in March to advise members of the current and upcoming initiatives relating to energy policy in Vermont. The DPS recently issued a request for proposals for a major public outreach project on energy issues statewide. We are delighted that representatives from the Department of Public Service are here this evening to share information with you as well. We encourage you to become actively engaged in the important energy-related topics being debated in Vermont and hope that our Southern Loop Public Involvement Process serves as a catalyst for moving these conversations forward in a positive manner.

YOUR FEEDBACK IS IMPORTANT!

You will find Comment Cards enclosed in this Welcome Packet and at various places throughout the room. Please let us know what you think about the four recommendations presented this evening. If you would prefer to record your comments, we have set up a tape recorder for that purpose. Finally, we will provide you with a pre-addressed envelope if you would like to consider at more length the information from tonight’s session before commenting. We ask that you return your comment card within the next 1-2 days so that your comments can be included in the Community Working Group’s analysis.

ADDITIONAL INFORMATION

CVPS and VELCO have set up a web site that contains additional information including a copy of the Utility Search Conference Background Report, a supplemental technical report that was prepared by CVPS, the DPS presentation to the Community Working Group regarding electric planning in Vermont, the Public Service Board's recent publication entitled "The Citizen's Guide to the Section 248 Process," notes from each of the public meetings that have been held to date, and links to additional resources. Please visit the site at <http://www.velco.com/Templates/default.asp?pageId=48>.

THANK YOU!

Thank you once again for attending. Should you have any questions after tonight's meeting, please feel free to contact the following individuals:

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A FEW WORDS ABOUT ESTIMATES & PROJECTIONS

The information presented during these Informational Open House Meetings is based on certain planning assumptions and preliminary conceptual designs. Cost estimates for labor, commodities and materials reflect 2005 market conditions and are subject to revision at any time. Because cost elements are subject to fluctuations in market pricing, the information presented should only be used to provide a directional understanding of the estimated costs of each option. Cost estimates will be updated to assure their continued reasonableness and consistency with changing market conditions.