



Stephen J. Rourke
Vice President, System Planning

June 20, 2008

Mr. Dean LaForest
Manager of Strategic System Planning
Vermont Electric Power Company
366 Pinnacle Ridge Road
Rutland, VT 05701

Re: VELCO-08-TCA-01: Request for Pool-Supported PTF Cost Treatment for the Tafts Corner Substation Project; ISO New England Written Finding and Determination

Dear Mr. LaForest:

This letter is being sent in accordance with Section 1 of Schedule 12C of Part II of the ISO New England Inc. ("ISO") Transmission, Markets and Services Tariff (the "Tariff") and ISO New England Planning Procedure No. 4 ("PP4").¹

On April 4, 2008, Vermont Electric Power Company ("VELCO") filed a Transmission Cost Allocation ("TCA") application pursuant to Schedule 12C of the ISO Tariff. The TCA application requested Pool Transmission Facility ("PTF") cost allocation treatment for costs associated with the installation of three 115 kV circuit breakers at the Tafts Corner substation and required protection and control equipment to allow operation as a four-breaker ring bus. Pursuant to Schedule 12 of the Tariff, the Reliability Committee reviewed the subject application and, on April 15, 2008, recommended that the ISO approve the subject application to treat \$2,250,000 as Pool-Supported PTF costs.

The ISO concurs with the Reliability Committee's vote in favor of approving PTF regional rate treatment of \$2,250,000. Only actual expenditures may be included in the PTF regional rate.

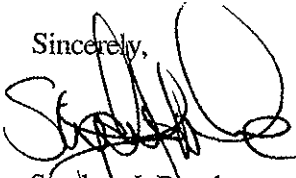
¹ Capitalized terms not defined in this letter have the meanings ascribed thereto in the ISO New England Inc. Transmission, Markets and Services Tariff.

Mr. Dean LaForest
June 20, 2008
Page 2 of 2

The ISO Tariff requires submission and review of this TCA application because the amount of the transmission upgrade that VELCO is seeking to be rolled-in to the PTF rate is in excess of \$1,000,000. The ISO's decision is based on the facts that the project provides a regional reliability benefit, is consistent with Good Utility Practice, and is consistent with current engineering and design practices in the area in which the project is being constructed. Further, the proposed project is both technically superior and more economical than the alternatives considered, while providing greater operational flexibility to address area load growth.

If you have any further questions about this matter, please do not hesitate to contact Michael Drzewianowski at (413) 540-4419 or me.

Sincerely,



Stephen J. Rourke
Vice President, System Planning

cc: TCApps