



Vermont Electric Power Company, Inc. and Vermont Transco LLC

Transmission Administration Manual for Cost Allocation

Effective Date: February 15, 2024

Prepared by

Vermont Electric Power Company, Inc. and Vermont Transco LLC



Vermont Electric Power Company, Inc. (“VELCO”)
and
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Transmission Administration Manual

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Revision History

Approval

Effective Date: November 1, 2008, Rev. 2 Effective February 15, 2024

Revision Protocol

VELCO will follow the following process when making revisions to this Vermont Transco LLC and VELCO Transmission Administration Manual (V-TAM) :

- VELCO's CEO shall appoint one of VELCO's senior officers to the position of V-TAM Administrator. The duties of the V-TAM Administrator include, but are not limited to, the amendment and approval of changes to the V-TAM, development of a tracking system by which all revisions of this Manual will be numbered or named, and kept in a book or ledger, and the posting of changes and revisions of the V-TAM to the VELCO website. The V-TAM Administrator's contact information is provided in Appendix I to this Manual. The DUs, VDPS, and VPPSA shall be notified of the V-TAM Administrator's appointment as a duly noticed agenda meeting item or via e-mail pursuant to the notification procedures in this section.
- VELCO, Operating Committee (OpCom) members, DUs, VDPS, and VPPSA may propose a change or changes to this Manual by presenting the proposed change to the V-TAM Administrator and the OpCom.
- The OpCom shall consider the proposed change(s), and decide through a motion and vote whether to recommend to VELCO that the proposed change(s) be implemented.
- If a change is recommended by the OpCom, the V-TAM Administrator shall prepare a redlined version of the Manual and email it to the DUs, VDPS, and VPPSA at the addresses in Appendix I. The redline will also be posted on the OpCom's webpage (opcom.velco.com).
- Interested parties may forward comments regarding proposed changes to the V-TAM to the V-TAM Administrator and the OpCom no later than 30 days from the date that the redlined document was e-mailed and posted.
- The V-TAM Administrator will review all comments and determine whether to adopt or reject the proposed change(s). The V-TAM Administrator will provide notice of their decision via e-mail to the parties listed in Appendix I. The V-TAM Administrator will provide a copy of revisions to the V-TAM to members of the Operating Committee prior to making a final determination to adopt such revisions. The final copy as provided to the Operating Committee may be rejected at such meeting by a 2/3 vote.



- Unless rejected as described above, the revised VTAM will become effective pursuant to the V-TAM Administrator's determination and a final, clean version of the Manual will be emailed to the parties listed in Appendix I. It will also be posted on the OpCom's webpage. Changes will be described in the "Revised Practices" table within the Manual
- The DUs, VDPS and VPPSA are responsible for providing e-mail addresses to VELCO, and for notifying VELCO of any changes to their stated e-mail addresses. VELCO may update Appendix I of this Manual and may make non-substantive ministerial changes to the V-TAM without prior notice, provided that VELCO post the updated Manual to the OpCom website.



Revision History

Tables

Proposed Changes to Practices	
<i>Proposed Change</i>	<i>Date Posted</i>
Proposed Rev 1: amends section 2.1, Composition, to make all DUs with ownership interest in VT Transco eligible for participation in Operating Committee; amends section 2.110 to clarify voting procedure	August 21, 2013
<i>Proposed Change</i>	<i>Date Posted</i>
Proposed Rev 2: Delete unused placeholder appendices and create standalone Bylaws. Created OpCom 2/3 vote to reject Administrators proposed changes going forward	__ March 5, 2024

Revised Practices	
<i>Revised Practice</i>	<i>Effective Date</i>
Following approval by the Operating Committee, the proposed revision was adopted by the V-TAM Administrator	December 13, 2013
<i>Revised Practice</i>	<i>Effective Date</i>
Following approval by the Operating Committee, the proposed revisions were adopted by the V-TAM Administrator	__ February 15, 2024



Introduction

This is *Vermont Transco LLC's Transmission Administration Manual for Cost Allocation* (V-TAM). In this introduction, you will find the following information:

- **About This Manual:** What you can expect from the V-TAM.
- **Using This Manual:** How to use the V-TAM.

About This Manual

The V-TAM is intended to clarify and interpret, but not amend, the terms and provisions of the 1991 Vermont Transmission Agreement and the Substation Participation Agreement (“the VELCO tariffs”). This Manual sets forth procedures designed to facilitate the process of administering the VELCO tariffs for purposes of cost allocation. If there is a conflict between the V-TAM and the VELCO tariff(s), the provisions contained in the tariff controls. Reading the information in the V-TAM does not relieve a transmission customer or other interested party of the obligation to read and understand the VELCO tariff(s).

This Manual is intended to provide transparency regarding VELCO and VT Transco’s administration of the VELCO tariffs for purposes of cost allocation. In particular, this Manual is intended to provide Vermont Distribution Utilities that benefit from new transmission projects or upgrades to transmission projects with information to assist them in reaching a cost allocation agreement among themselves that they deem appropriate. This Manual also is intended to address any potential conflicts associated with cost allocation agreements for transmission projects, and to ensure that a cost allocation agreement is in place before VELCO applies for a Certificate of Public Good.

The V-TAM consists of 5 sections.

The sections are as follows:

Section 1: Definitions and Abbreviations

Section 2: VELCO Operating Committee

Section 3: Cost Allocation Process

Section 4: Milestones for Project Accounting

Section 5: Arbitration

Appendix I: List of Vermont DUs and E-mails for V-TAM Notification

Appendix II: Timeline for Cost Allocation Procedure

This Manual is posted on the OpCom’s website at opcom.velco.com, together with revision process documents, a revision table, and posted V-TAM decisions.



Target Users

The target users for the V-TAM include, but are not limited to:

- Vermont Distribution Utilities
- Other transmission customers
- External auditors, lawyers, regulators and arbitrators
- VDPS
- VELCO and VT Transco

References

The references to other documents that provide background or additional detail directly related to the V-TAM include, but are not limited to:

- The 1991 Vermont Transmission Agreement: VT Transco Original FERC Rate Schedule No. 1
- The VELCO and VT Transco Substation Participation Agreement: FERC Rate Schedule No. 7



Principles of the VT Transco Transmission Administration Manual

The *VT Transco Transmission Administration Manual* is guided by the following principles:

- VELCO is responsible for administering the Vermont Tariffs and managing its related business processes.
- The process of determining who benefits from a project, and the associated cost allocation, must be documented and easily understandable.
- The cost allocation results must be fair, predictable, defensible, and consistent with good utility practice.
- To ensure consistency in cost allocation across Vermont consumers, set practices (engineering, design, benefit determination, and cost allocation) and, where necessary, standards should be followed.
- Cost responsibility during the project development process should be clear and comply with proper project accounting processes (including FERC).
- Transmission and Substation project design must be consistent with good utility practice.
- VELCO's project development process must encourage the goals of federal and state law, including but not limited to the EPC Act 2005, Vermont's Least Cost Planning, and the VSPC process.
- VELCO and the DUs shall adopt, where appropriate, standard designs and operational practices including, but not limited to substation configurations and transferring assets at net book value.

Section 1: Definitions and Abbreviations

This Section is a compilation of the definitions and abbreviations of terms used in this Manual, and VELCO and VT Transco's FERC approved tariffs.

1.1 1991 Vermont Transmission Agreement, VT Transco Original FERC Rate Schedule No. 1 (VTA):

The VTA shall mean the 1991 agreement that governs transmission service provided by VT Transco to electric utilities furnishing service within the state of Vermont and to the Vermont Department of Public Service.

1.2 Common Facilities (CF):

Common Facilities are defined in Article IV of the VTA and shall mean "those VT Transco facilities that comprise the state-wide, high-voltage transmission grid, interconnecting and serving the load centers of the State, and which are used in common by all Purchasers of transmission service on a state-wide basis, and any facilities that would otherwise be defined as Specific Facilities, but that were in service on 7/1/90 or that become Common Facilities after 10 years of service." Some Common Facilities are considered Pool Transmission Facilities, the costs of which are allocated regionally to ISO-New England's transmission customers. Other Common Facilities are considered Vermont Common Facilities, the costs of which are allocated only to DUs.

1.3 Certificate of Public Good (CPG):

A CPG shall mean a document issued by the Vermont Public Utilities Commission (PUC) under 30 V.S.A. § 248, authorizing a company to construct certain electric facilities in the state of Vermont and concluding that the PUC has found that such a facility will promote the general good of the State.

1.4 Shared Use Facility:

Shared Use Facilities are defined in the Substation Participation Agreement ("SPA"), and are not "Common Facilities" as defined in Article IV of the VTA. Shared Use Facilities are defined in Article IV of the SPA "facilities that are owned and used by VT Transco, but also used by one or more Participants."

1.5 VELCO Operating Committee (OpCom):

The VELCO Operating Committee is a group of representatives from VELCO, voting member DUs, and VPPSA convened to review and advise VELCO regarding the transmission practices of VELCO and VT Transco. Among its duties, the OpCom will assist the DUs in the cost allocation negotiation process and decide cost allocations pursuant to the procedures set forth in this Manual.

1.6 Distribution Utility (DU):

The term "Distribution Utility" shall retain the same definition as the term "Purchaser" under Article IV of the VTA, and the term "Participant" under Article I of the SPA, and shall mean "an electric utility furnishing retail service within the state of Vermont or to the Vermont

Department of Public Service” or the Vermont Public Power Supply Authority. The terms “DU,” “Purchaser,” and “Participant” shall be interchangeable for the purposes of this Manual. The terms “DU,” “DUs,” “Purchaser” “Purchasers,” “Participant” or “Participants” shall include facilities belonging to any utility for which the DU provides transmission over the VT Transco system. The Distribution Utilities in the state of Vermont are listed in Appendix I of this Manual. VELCO may revise the contents of Appendix I without utilizing the revision process as set forth in the Revision section of this Manual.

1.7 Exclusive Facility (EF):

Exclusive Facilities are defined in Article IV of the SPA and shall mean “any substation facilities which are allocable to a DU as necessary for the operation and control of that DU’s own system and not required by VT Transco.”

1.8 Federal Energy Regulatory Commission (FERC):

The Federal Energy Regulatory Commission (formerly the Federal Power Commission) shall mean the federal agency created by Congress pursuant to 16 U.S.C. § 792 that regulates and oversees the United States’ energy industries.

1.9 Independent System Operator-New England (ISO-NE):

ISO-NE shall mean the Regional Transmission Organization for New England, as of February 1, 2005. ISO-New England operates the New England Transmission System used to provide regional transmission service under its Open Access Transmission Tariff (“OATT”).

1.10 Pool Transmission Facilities (PTF):

Pool Transmission Facilities shall have the same meaning as the definition in Section II.49 of the ISO-NE OATT.

1.11 Specific Facilities (SF):

Specific Facilities are defined in Article IV of the VTA and shall mean “those high- voltage transmission lines, substations and other appurtenances constituting a direct physical interconnection to the VT Transco system and not constituting part of VT Transco’s looped transmission facilities that are requested, used, and installed to benefit a requesting Purchaser of transmission service.” Appendix 1, Section 1 of the VTA further defines Specific Facilities as “high voltage (115 kV and above) facilities and, in the case of a substation (stepping down to a lower voltage), the transformer, secondary voltage transformer circuit breaker, appurtenances and ancillary equipment, controls and control circuitry” that are designed and specified by VT Transco, or that are in accordance with VT Transco’s designs and specifications and/or consistent with VT Transco standard practice.

1.12 Substation Participation Agreement (SPA):

The SPA shall mean an agreement made individually between VT Transco and individual DUs establishing the allocation of costs associated with the construction and operation of facilities located within a VT Transco substation where those facilities are used exclusively by a DU or in common with VT Transco.

1.13 Vermont Department of Public Service (DPS):

The Vermont Department of Public Service shall mean an agency within the executive branch of the government of the state of Vermont that represents Vermont citizens' public interest regarding energy, telecommunications, water, and waste water and has authority to buy power and resell it in Vermont, under certain circumstances.

1.14 Vermont Electric Power Company (VELCO):

VELCO shall mean the manager of Vermont Transco, LLC, which operates and maintains the Vermont transmission system.

1.15 Vermont System Planning Committee (VSPC):

VSPC shall mean the Committee established by the Vermont Public Service Board by its Order of June 20, 2007 in Docket No. 7081. The purpose of the VSPC is to help facilitate better cooperation and coordination among utilities in considering both transmission and non-transmission alternatives after a Long-Range Transmission Plan for the state of Vermont is in place.

1.16 Vermont Transco LLC (VT Transco or VTransco):

Vermont Transco, LLC shall mean a limited liability company formed by VELCO and the Vermont Distribution Utilities. VT Transco owns the Vermont transmission system.

1.17 Vermont Public Power Supply Authority (VPPSA): VPPSA was established under 30 VSA, Chapter 84.

1.18 Vermont Public Utility Commission (PUC):

The PUC shall mean a quasi-judicial board that regulates Vermont's public utilities pursuant to Title 30 of the Vermont statutes.

Section 2: VELCO Operating Committee

The VELCO Operating Committee or “OpCom” is a committee of representatives of VELCO, certain of the Vermont DUs and VPPSA, and is designed to function in the manner of an owners’ committee. The goals of the OpCom include assisting VT Transco in becoming moreresponsive and accountable to its DU members, and reviewing and advising on VELCO and VT Transco business practices including, but not limited to, tariff administration, operations management, and strategic review. VELCO shall provide administrative and technical staff support to the OpCom by providing overall coordination and support of OpCom activities as required. The OpCom is governed by its Bylaws and this V-TAM.

Section 3: Cost Allocation Process

VT Transco’s intent in implementing this cost allocation process is to provide benefiting DUs with a timely and meaningful opportunity to negotiate an agreement for the allocation of Specific Facility costs pursuant to Appendix I, Section 2(b) of the VTA. This section contains a set of common practices and standards for use by VT Transco, VELCO, the DUs and VPPSA to ensure consistency in determining a project’s benefit to DUs and determining cost allocations. The cost allocation process described in this Manual is intended to set forth a transparent methodology that will lead to predictable, defensible and consistent results. Notwithstanding anyprovision in this section, or in any other part of this Manual, all signatories to the VTA retain their right under Article X of the VTA to take any dispute to arbitration as described in Section 8 of this Manual.

Cost Allocation for Transmission Facilities:

Regional Pool Transmission Facilities

Pool Transmission Facilities as defined in Section 1.10 of this manual PTFs are cost-allocated regionally over the ISO-NE system on a modified postage-stamp basis.

Vermont Common Facilities

Vermont Common Facilities or Common Facilities are defined in section 1.2, above. Vermont Common Facilities are cost-allocated on a modified load ratio share to the DUs in Vermont.

Specific Facilities

Specific Facilities are defined in section 1.11 above. Article IV of the VTA specifies that the cost of a Specific Facility is allocated entirely to the “requesting Purchaser of transmission service” unless that requesting purchaser provides VT Transco with a written agreement pursuant to which additional DUs agree to undertake a portion of the cost of the SF (*i.e.*, a cost allocation agreement among benefiting utilities). Additionally, Article IV provides that a Specific Facility that has been in service for ten full years shall become a part of Common Facilities, and will then have its cost allocated to DUs and consumers across Vermont.

Appendix 1, Section 2 of the VTA contemplates situations where a “requesting purchaser” has not requested the construction of a Specific Facility, but where it appears to VT Transco that the construction of Specific Facilities may be required in the absence of a DU’s request. If VT Transco comes to such a conclusion, it will follow the process designated in Appendix 1, Section 2 of the VTA and seek the concurrence and agreement for the allocation of costs by the benefiting utility or utilities pursuant to the cost allocation process set forth in this Manual.

VT Transco will facilitate negotiation of a cost allocation agreement among various benefiting DUs, whether initiated by a requesting purchaser or by VT Transco, by providing information about the SF and the benefit it provides to the benefiting DUs.

Appendix 1, Section 4 of the VTA provides that a capital improvement to VT Transco’s Common Facilities will be deemed Specific Facilities if:

- Construction of the improvement requires a Certificate of Public Good; and
- The Common facilities to which the improvement is made would be deemed Specific Facilities if constructed under the VTA; and
- The improvement otherwise meets the definition of Specific Facilities; and
- The cost of the improvement SF is greater than \$50,000.00 in 1992, indexed upward for succeeding years pursuant to the Handy-Whitman Index; and
- The improvement will increase the normal operating capacity of the improved facility by at least twenty percent.

If a VT Transco project leads to upgrades to facilities or indirect costs to a DU system that would not have been incurred but for that VT Transco project, these associated upgrades or indirect costs shall be included in the project’s overall costs, and allocated in the same manner as the project’s other costs.

Who is a “Requesting Purchaser”?

Article IV of the VTA requires that the cost of a Specific Facility be allocated to a “requesting purchaser,” that is, the DU that requested that the Specific Facility be constructed. In order to become a “requesting purchaser,” a DU must send a formal, written request to VT Transco that includes the following:

- A description of the Specific Facility that the requesting purchaser wishes to be constructed, including proposed location, structural details, and size (to be subject to VELCO’s future study and determination of the proposed SF’s design, and a future agreement by the benefiting DUs regarding the SF’s D-Level design);
- A list of Distribution Utilities that the requesting purchaser feels would benefit from the Specific Facility (“potentially benefiting utilities”), and the rationale as to why those DUs would benefit; and
- An acknowledgement that the requesting purchaser(s) is aware that it is a “requesting purchaser” under Article IV of the VTA, and as such will be required to pay the costs pursuant to the terms of Article IV of the VTA.

A communication that does not contain all three of the above provisions will not be considered a “request” by VELCO. Projects initiated without such a request are VELCO-initiated projects.

Who is a “Benefiting Utility”?

A DU that is a “potentially benefiting utility” is to be named by the requesting DU(s) in its formal written request, or determined by VT Transco, as described above. VT Transco will then notify each named potentially benefiting utility of the impending construction of a Specific Facility that benefits the DU, and the expectation that it participate in the negotiation of a cost allocation agreement among the other DUs that also benefit from the Specific Facility. VT Transco will also notify a DU that is not currently involved in a cost allocation negotiation if at any time one or more of the negotiating parties inform VT Transco that such DU is also a potentially benefiting utility, and should join the cost allocation negotiation. VT Transco and the negotiating DUs will determine whether another DU “benefits” from a proposed Specific Facility by examining appropriate factors, including (without limitation):

- Whether the proposed SF would provide reliability benefits in the form of the post- contingency load of that DU that would otherwise go unserved by existing facilities. This factor will consider the possibility of various contingency events.
- The amount of DU load and percentage of total load served by the proposed SF that would ease

or alleviate an existing deficiency in reliability.

- Certain costs to the DU(s) that would be avoided by the proposed facility.
- The load growth circumstances of each DU that cause a reliability deficiency that necessitates the project.
- An examination of the electrical distance of a DU's load from existing source facilities and the proposed project facility.

Cost Allocation Negotiation Process

VT Transco shall notify all utilities that it has determined (either from the requesting purchaser's letter or, if there is no requesting purchaser, in its own judgment) will benefit from the proposed SF by notifying each potentially benefiting DU in writing. All DUs that have been named as potentially benefiting from the SF should attend negotiation discussions. To the extent a DU believes that it does not benefit from a SF, it should nevertheless participate in the negotiation process to advance its belief. If the DU disputing its benefiting utility status does not participate in the cost allocation process, it risks having a portion of the cost of the SF allocated to it by the Operating Committee in its absence.

When VT Transco has notified the potentially benefiting utilities of the impending construction of a Specific Facility that benefits them, each such DU is to participate in cost allocation negotiations led by the requesting purchaser, where applicable. The goal of cost allocation negotiations is to determine a final cost allocation among benefiting DUs for the SF, and should at a minimum take into consideration the factors regarding which DU benefits from a SF as discussed in the previous section. VT Transco will facilitate the cost allocation negotiation process by providing information requested by the DUs, but will not participate in the negotiation process.

VELCO shall use its reasonable discretion to determine a deadline by which the DUs must reach a cost allocation agreement. In determining this deadline, VELCO will consider regulatory deadlines, construction schedule, and other elements involved in the scheduling of a project involving SF. VELCO shall notify the benefiting DUs as soon as possible, but no less than 60 days before the deadline, that they must reach a cost allocation agreement by that deadline. An illustration of the timeline related to this cost allocation procedure is presented in Appendix II of this Manual.

If a cost allocation agreement is reached, the benefiting DUs shall present to VELCO a final written agreement which shall include, at a minimum, the following:

- A list of the benefiting DUs that participated in the cost allocation agreement negotiation, and a list of the benefiting DUs that are sharing the cost of the SF pursuant to the written cost

allocation agreement;

- A description of the cost allocation agreement with the defined percentage amount that each DU will pay; and
- A signature page signed by an authorized representative from each DU that is sharing the cost of the SF. The signature page must state that the DU participated in the cost allocation negotiation, understands that the cost allocation agreement is binding upon the DU even if the final SF cost changes, and that the DU agrees to pay the cost of the SF that is allocated to it according to the agreement.

If, in the opinion of one or more of the benefiting DUs, the DUs involved in a cost allocation negotiation are unable to reach agreement within the time specified, they shall inform VELCO of their inability to agree, and request that the OpCom determine a default cost allocation. VELCO retains the sole discretion to request the OpCom to determine a default cost allocation if, based upon its own determination or upon a DU or DUs' request, it determines that the DUs will not reach a timely agreement. VELCO must put the cost allocation before the OpCom if the DUs do not reach agreement by the deadline established by VELCO.

If a project including SF is withdrawn or cancelled, the cost incurred on the project shall be allocated according to the agreed upon cost allocation or OpCom determination as determined in accordance with the provisions of this Manual. If no cost allocation has been determined before the project is withdrawn or cancelled, the OpCom shall make a cost allocation determination in accordance with the provisions of the Manual and the project's cost shall be allocated according to such determination.

Other Specific Facility Cost Allocations

Appendix 1, Section 3 of the VTA provides that if an improvement or addition is made to a Specific Facility during the ten years before it becomes a part of Common Facilities, and such improvement significantly changes the proportions of the use of the Specific Facility by the Purchasers supporting it, the Purchaser or Purchasers requesting the improvement shall provide VT Transco with a written cost allocation agreement in support of the Specific Facility's support costs and improvement costs for the remainder of the ten years. If such an agreement is not presented to VT Transco, VT Transco may reallocate the support costs of the affected Specific Facility on the basis of the DUs' projected proportionate share of the peak demand on such facilities.

Under Appendix I, Section 4(b) of the VTA, if VT Transco initiates improvements to meet capability or reliability requirements which have not been specifically requested by the DUs that benefit from such facilities, VT Transco shall allocate the support costs on the basis of the DUs' proportionate share of the peak demand on such facilities during the calendar year preceding approval by the PUC, but not including periods of abnormal operating conditions.

Cost Allocation for Substation Facilities:

The costs associated with substation facilities are operation and maintenance costs, rather than construction costs, and are governed by VT Transco's Substation Participation Agreement. The SPA was filed with FERC in April 2010, after discussion with the OpCom. Future revisions to the SPA will be discussed with the OpCom prior to filing with FERC.

Shared Use Facilities

Shared Use Facilities (as referred to in the SPA) are defined in Section 1.4 above. Costs for the operation and maintenance of Shared Use Facilities are "Shared Use Costs" under the SPA and will be allocated to all benefiting DUs in accordance with the provisions of the SPA.

Exclusive Facilities

Exclusive Facilities defined in section 1.7 above. Each DU is responsible for the costs of its own Exclusive Facilities installed at any substation in accordance with the SPA.

Exclusive Facilities in a substation differ from Specific Facilities in a substation in that a substation's Specific Facilities are defined in Appendix 1 of the VTA as the transformer, secondary voltage transformer circuit breaker, appurtenances and ancillary equipment, controls and control circuitry that are designed and specified by VT Transco, or constructed in accordance with VT Transco's designs and specifications or standard practice. VT Transco operates and maintains the Specific Facilities within a substation.

In a ring bus situation, the number of breakers that will be treated as specific costs will be equal to the number of sources plus one. For example, if a ring bus has four breakers and two sources, three of those breakers will be treated as specific cost and one as exclusive cost.

Section 4: Milestones for Project Accounting

This section provides guidance for the milestones that must be reached before a proposal for a transmission project or upgrade actually becomes a VT Transco project, allowing VT Transco to capitalize the cost of the project based on the cost allocation agreement reached by the benefiting DUs.

The milestones for project accounting are as follows:

- **Phase I, Consultant Phase:** DUs hire VT Transco to undertake a facility study. The DUs compensate VT Transco for the study services.

- **Phase II, Project Agreement Phase:** The benefiting DUs and/or VT Transco reach an agreement on the preferred design of the project, and the cost allocation of the project. VT Transco issues a formal notice to the benefiting DUs that it has created the project, and has begun to capitalize its cost. If the Project Agreement Phase is reached, but the project fails to obtain a CPG, then VT Transco's costs are billed to the benefiting DUs as per the cost allocation agreement reached by those DUs.
- **Phase III, Project CPG Granted Phase:** A CPG is granted for the project by the Vermont PSB. VT Transco capitalizes its costs and invoices for the project based on the cost allocation agreement reached by the DUs.

VT Transco may only capitalize the cost of a project if that project has three elements: (1) a preferred B-level estimate agreed to by the benefiting DUs; (2) an estimate on the cost of the project; and (3) a cost allocation agreement among the benefiting DUs. The cost allocation negotiation process as set forth in Section 3 of this Manual is designed to complement the VSPC project planning process and determine a cost allocation for a project when required by the VSPC, and before VELCO applies for a CPG for the project.

Section 5: Arbitration

The VTA and the SPA allow for disputes as to the interpretation or performance of each agreement to be submitted to arbitration. The arbitration process is intended (but does not always guarantee) to resolve disputes arising out of, for example, failed cost allocation negotiations in a prompt and cost-effective manner. The rules and procedures described in this Manual are intended to advance that goal by promoting an expedited dispute resolution process.

Agreement of the Parties to Submit to Arbitration

Article X of the VTA provides, among other things, that any dispute “as to the interpretation or performance of the [VTA] which cannot be settled by mutual agreement...shall be submitted to arbitration” and that the decision of the arbitrator “shall be final and binding upon all parties except that any party to the proceeding may petition a court of competent jurisdiction for review of errors of law.”

Article XI of the SPA also provides, among other things, that disputes “as to the interpretation or performance” of that agreement shall be resolved through arbitration and that the decision of the arbitrator “shall be final and binding upon all parties except that any party to the proceeding may petition a court of competent jurisdiction for review of errors of law.”

Commencing an Arbitration

Arbitration is commenced by the issuance by the initiating party (the “Claimant”) of a written notice of intent to arbitrate (the “Notice Requesting Arbitration”) to all parties. The Notice Requesting Arbitration must include:

- A statement that the arbitration is being brought pursuant to Article X of the VTA (or Article XI of the SPA, if applicable);
- The nature of the dispute to be arbitrated;
- The names and addresses of all parties;
- A comprehensive statement setting forth the claim including all facts and law being relied upon; and
- The specific remedy sought.

The Notice Requesting Arbitration must sufficiently describe the claim to make the dispute clear to the parties and to the arbitrator. The notice of arbitration shall be served by delivery by hand or by overnight mail to all parties.

Each party may file within 30 days of service of the Notice Requesting Arbitration an answering statement setting forth its comprehensive response, including all facts and law relied upon. To the extent that such answer may assert counterclaims or implead third parties, the arbitrator shall establish aggressive timelines for responses.

Choice of Law and Locale of Arbitration

The arbitration shall be governed by the laws of the state of Vermont and the arbitration hearing shall be conducted in the state of Vermont at a date, time and location to be mutually agreed upon by the parties within 15 days of service of the Notice Requesting Arbitration.

Appointment of an Arbitrator

The arbitration shall be conducted before a single neutral arbitrator to be mutually agreed upon by the parties within 15 days following the service of the Notice Requesting Arbitration. In the case of failure to agree upon an arbitrator within these 15 days, any party may request the American Arbitration Association to appoint the arbitrator. Unless an alternative procedure is agreed to by the parties, the parties shall follow the procedure set forth in Commercial Arbitration Rules and Procedures of the American Arbitration Association for the selection of an arbitrator.

Conduct of Proceedings

The arbitration shall be administered by the American Arbitration Association pursuant to its Expedited Commercial Arbitration Rules and Procedures, as may be amended in writing by agreement of the parties. To the extent that a conflict exists between the rules and procedures of the American Arbitration Association and the VTA, SPA or this Manual, the VTA, SPA and/or this Manual will control.

Scope of Award

The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of any and all agreements among the parties. The arbitrator's decision, issued after each party has had an opportunity to be heard, shall be in writing and shall separately set forth the arbitrator's findings of fact and law. The arbitrator shall not, however, have the power to amend or add to the VTA or the SPA.

In addition, during the conduct of the arbitration, the arbitrator may make other decisions (e.g., interim, interlocutory or partial orders) as are necessary in the conduct of the arbitration.

Appendix I: List of Vermont DUs and Contact Information for Notification

Pursuant to the Revision section of this Manual, it is each DU, VDPS and VPPSA’s responsibility to provide VELCO and the OpCom with an e-mail address to be used for notifying those parties of any changes or revisions to the V-TAM. This Appendix sets forth each provided e-mail address. VELCO may revise the contents of this Appendix I without utilizing the revision process as set forth in the Revision section of this Manual.

Utility/Agency	Email Address
Barton Village, Inc.	businessmanager@bartonvt.com
Burlington Electric Department	jgibbons@burlingtonelectric.com
Enosburg Falls, Village of	idesarao@enosberg.net
Green Mountain Power Corporation	Mike.Burke@greenmountainpower.com
Hardwick Electric Department, Town of	sbraese@hardwick.com
Hyde Park, Inc., Village of	gm@villageofhydepark.com
Jacksonville, Village of	VACANT
Johnson, Inc., Village of	EBailey@townofjohnson.com
Ludlow Electric Light Department, Village of	tpetraska@tds.net
Lyndonville Electric Department, Village of	jelwell@lyndonvilleelectric.com Ewelton@lyndonvilleelectric.com
Morrisville Water and Light Dept., Village of	sjohnstone@mwlvt.com
Northfield, Village of	sfitzhugh@northfield.vt.us
Orleans, Inc., Village of	jmorley@villageoforleansvt.org mprue@villageoforleansvt.org
Stowe Water and Light, Village of	JPratt@StoweElectric.com
Swanton Village, Inc.	wsheets@swanton.net
Vermont Electric Cooperative	prossi@vermontelectric.coop
Vermont Public Power Supply Authority	knolan@vppsa.com
Washington Electric Cooperative	jj.vandette@wec.coop
Department of Public Service	Kerrick.Johnson@vermont.gov TJ.Poor@vermont.gov

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 S. Mark Sciarrotta
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 Vermont Electric Power Co.

Appendix II: Timeline of the Cost Allocation Process

This timeline illustrates the cost allocation process as set forth in Section 3 of this Manual.

