

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Amended Joint Petition of Central Vermont )  
Public Service Corporation, Danaus Vermont )  
Corp., Gaz Métro Limited Partnership, Gaz )  
Métro inc., Northern New England Energy )  
Corporation for itself and as agent for Gaz Métro )  
Limited Partnership's parents, Green Mountain )  
Power Corporation and Vermont Low Income )  
Trust for Electricity, Inc. for approval of: (1) the ) Docket No. 7770  
merger of Danaus into and with Central )  
Vermont, (2) the acquisition by Northern New )  
England of the common stock of Central )  
Vermont, (3) the amendment to Central )  
Vermont's Articles of Association, (4) the )  
merger of Central Vermont into and with Green )  
Mountain, and (5) the acquisition by VLITE of a )  
controlling interest in Vermont Electric Power )  
Company, Inc. )

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (the "MOU"), dated as of March 5, 2012, is entered into between the "Petitioners"<sup>1</sup> and Associated Industries of Vermont ("AIV") (collectively, the "Parties") in the above-captioned docket.

**RECITALS**

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<sup>1</sup> Central Vermont Public Service Corporation ("CVPS"), Danaus Vermont Corp., Gaz Métro Limited Partnership ("Gaz Métro"), Gaz Métro inc., Northern New England Energy Corporation for itself and as agent for Gaz Métro's parents, Green Mountain Power Corporation ("GMP") and Vermont Low Income Trust for Electricity, Inc.

On September 2, 2011, Petitioners filed a Joint Petition in this docket seeking Vermont Public Service Board (“Board”) approval of the acquisition of CVPS by Gaz Métro and the merger (“Merger”) of CVPS and GMP into one company (“Combined Company”).

AIV has intervened in the docket on the issue of how the Merger will impact the cost and reliability of electricity for commercial and industrial customers in the GMP and CVPS service territories.

The Parties have engaged in discussion and review of AIV’s concerns in the docket. As a result, the Parties to this MOU agree to the following terms:

### **AGREEMENT**

1. AIV agrees to support the Merger, including the proposals identified below (“Proposals”), except that AIV reserves its rights to engage in further negotiations and/or file testimony related to the Vermont Electric Power Company, Inc. and/or the Vermont Low Income Trust for Electricity, Inc.

2. Petitioners agree to request Board approval of the Proposals, some of which are also described in Petitioners’ filings with the Board, and to include these Proposals as conditions of approval of their Joint Petition:

### **Guaranteed Savings**

3. GMP shall guarantee savings to all customers totaling at least \$144 million (nominal) beginning October 1, 2012 and ending ten years thereafter. If the total savings during the ten-year period after merger closing are less than \$144 million, GMP guarantees that it shall provide to customers the difference by means of a plan approved by the Board.

### **Integration for C&I Customer Classes**

4. GMP shall support AIV's intervention in any subsequent GMP rate design regulatory proceeding before the Board.
5. GMP shall not propose integration for C&I customer classes until a rate design proceeding that it expects to file in late-2014, which will be based in part on information available as the result of Smart Grid efforts.
6. C&I rates would be integrated after the rate design proceeding has been completed and a final order is issued by the Board.

### **Windfall Sharing Obligation**

7. AIV agrees that GMP's general proposal to invest \$20.9 million in programs that will generate customer benefits, including the provision of rate recovery of investments, is an appropriate means of providing value to CVPS customers to meet the requirements of the windfall sharing obligation.
8. GMP agrees that this investment is on top of the \$144 million in guaranteed customer savings.

### **Miscellaneous**

9. The Parties agree to submit this MOU to the Board as a part of the resolution of the issues described above before the Board in Docket No. 7770.

10. The Parties agree that this MOU relates only to these Parties and should not be construed by any party or tribunal as having precedential or any other impact on future proceedings involving the Parties, except as necessary to ensure implementation of this MOU or to enforce an order of the Board resulting from this MOU. The Parties reserve the right in future proceedings to advocate positions that differ from those set forth in this MOU, and this MOU and any order of the Board resulting from this MOU may not be used in any future proceeding against any Party except as necessary to enforce rights and obligations under this MOU or to enforce an order of the Board resulting from this MOU.

11. This MOU is governed by Vermont law and any disputes under this MOU shall be decided by the Board.

DATED this 8th day of March, 2012.

PETITIONERS CENTRAL VERMONT PUBLIC SERVICE CORPORATION, NORTHERN NEW ENGLAND ENERGY CORPORATION, for itself and as agent for Gaz Métro Limited Partnership's parents, GAZ MÉTRO LIMITED PARTNERSHIP, GAZ MÉTRO INC., DANAUS VERMONT CORP., GREEN MOUNTAIN POWER CORPORATION and VERMONT LOW INCOME TRUST FOR ELECTRICITY, INC.

By:  \_\_\_\_\_

DATED this 8th day of March, 2012.

ASSOCIATED INDUSTRIES OF VERMONT

By:  \_\_\_\_\_