

**CENTRAL VERMONT PUBLIC SERVICE CORPORATION
RESPONSE TO PUBLIC SERVICE BOARD RECORD REQUEST
MADE ON MARCH 21, 2012**

- Q. What is Central Vermont Public Service Corporation's recommendation on how the policies being developed in the Public Service Board's investigation into the establishment of reduced rates for low-income consumers should intersect with the Vermont Low Income Trust for Electricity, Inc. ("VLITE") proposal that is contemplated under the proposed merger transaction? *See* Tr. of 3/21/2012 at 166-167.
- A. When Central Vermont Public Service Corporation ("CVPS") and Green Mountain Power Corporation ("GMP") initially filed their Energy Assistance Program ("EAP") Outline on December 9, 2011, the companies explained:

As a part of the GMP/CVPS merger proposal pending review before the Board in Docket No. 7770, the Companies are proposing the creation of the Vermont Low Income Trust for Electricity, Inc. ("VLITE"). If approved, VLITE would be a public benefit, nonprofit corporation established for the purpose of holding an ownership interest in VELCO and for supporting a low income rate plan. While the ultimate decision on this proposal has yet to be determined by the Board, VLITE funds could be used to minimize or reduce the monthly EAP Fee to non-participant customers. The Companies could be granted a proportion of the available funding, based on criteria such as load ratio share that could be used to reduce the EAP Fee and/or defray program administrative costs.

Id. at 5. As the effort to reach consensus on the terms and conditions for the EAP program continued with the Department of Public Service and other Docket No. 7535 parties, the companies' compliance plan was modified to state:

The Board should defer any decision on the role that VLITE may play in connection with the delivery of the EAP at this time and retain jurisdiction in this docket to incorporate amendment to the EAP pending resolution of the proceeding in Docket No. 7770.

See Docket No. 7535, CVPS-GMP Joint Compliance Plan, dated February 1, 2012, at 5.

Accordingly, at this time, CVPS recommends that the Public Service Board continue with the investigation into and resolution of the issues surrounding the finalization and approval of the EAP proposed by the companies in Docket No. 7535 without consideration of the issues associated with the VLITE proposal until the outcome of this docket is complete and more information on the VLITE proposal is available. I believe this approach is consistent with Paragraph 9 of the Memorandum of Understanding recently filed in this docket, which would not

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constrain the use of VELCO dividends to assisting low-income customers but, rather, would allow the VLITE Board of Directors to invest VELCO dividends in any manner consistent with State policy as set forth in the Comprehensive Energy Plan or as otherwise subsequently designated.

Person Responsible for Response: Lawrence J. Reilly

Title: Chief Executive Officer, CVPS

Date: March 29, 2012