



The Operating Agreement provides for a cash distribution by VT Transco to holders of Class A membership units of 11.5%, the allowed FERC rate of return, annually from available funds. On a quarterly basis, VT Transco distributes these cash earnings to its members. While it is possible that there could be a year when funds were not available, there have not been any years when VT Transco has not had cash available to pay those dividends. There are also provisions ensuring that catch up payments are made when funds do become available. It should also be noted that if the allowed FERC rate of return changes, the cash distributions to Class A membership unit holders would be modified accordingly.

VELCO distributes dividends quarterly to the holders of its common stock, utilizing the earnings distributed by VT Transco. Currently:

VELCO receives annually from VT Transco: \$2,758,597.00

VELCO returns annually to its common stock shareholders: \$2,758,597.00

Person Responsible for Response: Michele Nelson

Title: Treasurer, VELCO

Date: April 6, 2012

Dated: April 6, 2012  
Rutland, Vermont



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