

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Docket No. 7770

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 and its parents, Green Mountain Power Corporation and Vermont Low Income Trust for Electricity, Inc. for approval of: (1) the merger of Danaus into and with Central Vermont, (2) the acquisition of 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.

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VERMONT PUBLIC SERVICE BOARD

MEMORANDUM OF UNDERSTANDING BETWEEN VERMONT ELECTRIC COOPERATIVE, INC., AND GREEN MOUNTAIN POWER CORPORATION

With respect to the above referenced Petition filed by Central Vermont Public Service Corporation ("CVPS"), Danaus Vermont Corp. ("Danaus"), Gaz Métro Limited Partnership ("Gaz Metro"), Gaz Métro inc., Northern New England Energy Corporation ("NNEEC") for itself and as agent for Gaz Métro Limited Partnership and its parents, Green Mountain Power Corporation ("GMP") and Vermont Low Income Trust for Electricity, Inc. (jointly, the "Petitioners") on September 2, 2011, GMP, and Vermont Electric Cooperative, Inc. ("VEC") hereby agree and stipulate as follows:

RECITALS

On July 11, 2011, CVPS, Danaus and Gaz Metro entered into an Agreement and Plan of Merger whereby (1) Danaus will merge into and with CVPS, with CVPS being the surviving corporation and (2) NNEEC will hold all of the shares of CVPS stock, thereby acquiring a direct controlling interest in CVPS.

In addition, CVPS and GMP will merge to form one company (the "Combined Company").

On September 2, 2011, Petitioners filed a Joint Petition in this docket seeking Public Service Board approval for the mergers as well as other corporate activities that will ultimately result in the Combined Company owning the Vermont assets currently owned by CVPS.

Among the assets that the Combined Company will acquire are transmission facilities (lines and substations) between Irasburg and Fairfax, Vermont, depicted on **Exhibit A** hereto (the "Transmission Facilities"). The Transmission Facilities are located within VEC's service territory and serve approximately 5,855 VEC member/customer accounts. The Transmission Facilities also provide service to CVPS, the Village of Hyde Park Electric Department ("Hyde Park"), and the Village of Johnson Water and Light Department ("Johnson").

VEC intervened in the above docket in order to, among other things, make the case that it is in the public good for the Transmission Facilities to have their ownership and operating model jointly assessed by the utilities that the facilities serve in proportion to each utility's load on the Facilities to determine if changes to the current ownership and operating model would be in the best interest of customers served by the Transmission Facilities.

VEC, on behalf of itself, Hyde Park and Johnson, and GMP have engaged in discussion and review of the appropriate disposition of the Transmission Facilities. As a result, the parties to this Memorandum of Understanding (this "MOU") agree to the following terms:

AGREEMENT

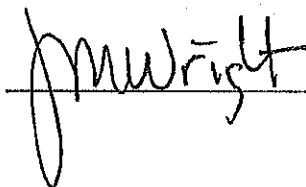
1. On or before January 16, 2012, VEC and GMP will begin negotiations as to the ownership and operation model of the Transmission Facilities with the goal of negotiating a mutually acceptable model for the ownership and operation of the Transmission Facilities by July 15, 2012 (the "Agreement").
2. The process to determine the mutually acceptable Agreement will consider all viable models for ownership and operation prioritizing those models that best serve the interests of the customers served by the Transmission Facilities -- including customers of Hyde Park and Johnson -- from the perspective of reliability, serviceability, and cost.
3. GMP agrees to cooperate with VEC to provide all information reasonably necessary to evaluate the Transmission Facilities. To the extent that information is required from CVPS, GMP has obtained assurances that CVPS will provide such information.
4. The DPS will be invited to participate in drafting and/or reviewing the negotiated Agreement, at any party's request.
5. In the event that the parties reach an Agreement as contemplated in this MOU that includes joint ownership of the Transmission Facilities, then the parties agree to the principle that the acquiring parties will not pay unjustified prospective costs to the selling party associated with the Transmission Facilities. As part of the negotiations of such joint ownership agreement, the parties will evaluate any transmission ratcheted demand charges that an acquiring party may be subject to in order to determine if it is appropriate that such party no longer pay transmission ratcheted demand charges for the Transmission Facilities that such party jointly owns.

6. In the event that an Agreement cannot be negotiated as contemplated in this MOU, GMP and VEC agree that either party may petition the Public Service Board to arbitrate the dispute pursuant to 30 V.S.A. §214(b).

7. The parties acknowledge that, in addition to the disposition of the Transmission Facilities, VEC's interest in the above docket also extends to the proposed reorganization of the VELCO Board of Directors. VEC reserves its rights to engage in further negotiations and/or file testimony to protect that interest. If the VELCO issues can be resolved prior to the deadline for prefiling testimony, then VEC agrees to file testimony supporting the proposed merger transactions.

Dated at Johnson, Vermont, this 13th day of January, 2012.

VERMONT ELECTRIC COOPERATIVE, INC.

By: 

Dated at _____, Vermont, this _____ day of _____, 2012.

GREEN MOUNTAIN POWER CORPORATION

By: _____

6. In the event that an Agreement cannot be negotiated as contemplated in this MOU, GMP and VEC agree that either party may petition the Public Service Board to arbitrate the dispute pursuant to 30 V.S.A. §214(b).
7. The parties acknowledge that, in addition to the disposition of the Transmission Facilities, VEC's interest in the above docket also extends to the proposed reorganization of the VELCO Board of Directors. VEC reserves its rights to engage in further negotiations and/or file testimony to protect that interest. If the VELCO issues can be resolved prior to the deadline for pre-filing testimony, then VEC agrees to file testimony supporting the proposed merger transactions.

Dated at _____, Vermont, this ____ day of _____, 2012.

VERMONT ELECTRIC COOPERATIVE, INC.

By: _____

Dated at Colchester, Vermont, this 13 day of January, 2012.

GREEN MOUNTAIN POWER CORPORATION

By:  _____

Accepted and acknowledged by the Village of Johnson Water and Light Department.

By: *Duncan Hastings Manager*
DUNCAN HASTINGS 1/19/02

Accepted and acknowledged by the Village of Hyde Park Electric Department

By: _____

Accepted and acknowledged by the Village of Johnson Water and Light Department.

By: _____

Accepted and acknowledged by the Village of Hyde Park Electric Department

By: Edward Burt