

**STATE OF VERMONT**  
**PUBLIC SERVICE BOARD**

**Docket No. 7770**

**Joint Petition of Central Vermont Public Service Corporation, Danaus Vermont Corp., 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, In. for approval of: (1) the merger of Danus 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.**

**PREFILED TESTIMONY OF AVRAM PATT**

**ON BEHALF OF**

**WASHINGTON ELECTRIC COOPERATIVE, INC.**

1

Purpose of Testimony

2 Mr. Patt testifies in support of Washington Electric Cooperative, Inc.'s (WEC"), position  
3 regarding the proposed merger between Green Mountain Power Corp. ("GMP") and  
4 Central Vermont Public Service Corp ("CVPS"), the impact upon Vermont Electric  
5 Power Co. ("VELCO"), VT TRANSCO, LLC ("VTransco"), and the impact upon  
6 WEC's ratepayers.

7

8 Exhibits: WEC 11(AP-1), Excerpts from Petitioners' FERC filing.  
9 WEC 12 (AP-2), Prefiled Testimony and Exhibits of Richard LaCapra.

10

1       **I. INTRODUCTION**

2

3       **1Q. WHAT IS YOUR NAME, POSITION AND BUSINESS ADDRESS?**

4       1A. My name is Avram Patt. I am General Manager of Washington Electric Cooperative,  
5       Inc. (“WEC”) P.O. Box 8, East Montpelier, VT 05651.

6

7       **2Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.**

8       2A. I have been General Manager at WEC since January 1997. As General Manager, I have  
9       oversight over all aspects of WEC’s operations and planning. These include our  
10       distribution system, our current generating facilities, power supply planning and  
11       procurement, rates and tariffs, regulatory matters, relationships with other utilities and  
12       participants in the energy industry, budget and finance, personnel, public policy, and  
13       member relations. I am responsible for carrying out WEC’s objectives as determined by  
14       our Board of Directors. Prior to becoming General Manager, I served on WEC’s Board  
15       of Directors for approximately eight years. I served as Director of the Vermont Office of  
16       Economic Opportunity and held other public management and planning positions in state  
17       government and non-profit organizations prior to 1997.

18

19       **3Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

20       3A. I am testifying on behalf of the WEC.

21

1 **4Q. HAVE YOU EVER TESTIFIED BEFORE THE VERMONT PUBLIC SERVICE**  
2 **BOARD?**

3 4A. I have presented testimony on behalf of WEC in a variety of proceedings before the  
4 Board. These include, but are not limited to, testimony in Docket 7691 regarding WEC's  
5 rate case, Docket 7670 regarding the Hydro Quebec related contracts, Docket 7575  
6 involving WEC's rate design, pre-filed testimony in Dockets 6924, 6925, 7209, and 7455  
7 relating to the Coventry Generation Facility, and Docket 6545 regarding the sale of  
8 Vermont Yankee. I also testified and/or previously represented the Vermont Office of  
9 Economic Opportunity and other divisions of the Vermont Agency of Human Services in  
10 formal and informal proceedings before the Vermont Public Service Board ("Board").  
11

12 **5Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 5A. I am testifying about WEC's position and concerns about the proposed merger between  
14 GMP and CVPS as it relates to the impact upon VELCO/VTransco and WEC as a  
15 ratepayer. The later issue is particular to the sub-transmission service it receives from  
16 GMP.  
17

18 **II. VELCO/VTRANSCO**  
19

1 **7Q. Does WEC have concerns about the future ownership and governance of VELCO**  
2 **and VTRANSCO as a result of the proposed acquisition of CVPS and subsequent**  
3 **merger with GMP?**

4 7A. Yes. Our concerns include some that are specific to WEC, but we also have significant  
5 broader public interest concerns about the long term affect on Vermont ratepayers and the  
6 general good of the State of Vermont.

7  
8 **8Q. Please identify your concerns specific to WEC.**

9 8A. As with other distribution utilities, WEC is dependent on the statewide transmission grid  
10 whose assets are presently owned by VTRANSCO and managed by VELCO to receive  
11 electricity from various generation sources and ISO-NE to serve WEC's members. More  
12 specifically, WEC owns and operates the Coventry Landfill Gas Generating Facility  
13 which is by far our most significant power source providing more than 60% of our load.  
14 Since this facility is not in WEC's territory, we rely on VELCO to receive and transmit  
15 this critical power supply. In addition, WEC relies upon VELCO to insure that energy  
16 from Hydro Quebec, the Vermont Wind generation facility in Sheffield, Vermont, our  
17 other committed resources as well as ISO New England system power is brought reliably  
18 to WEC's distribution system (or to the GMP's sub-transmission lines that delivers  
19 electricity to WEC's substations). While these concerns may be shared by other  
20 distribution utilities to a greater or lesser degree, we believe that in this docket, the Public

1 Service Board should assure that if the merger is approved, the ownership and  
2 governance structure of VELCO/TRANSCO:

- 3 • Will result in the most economical transmission service to WEC and other  
4 distribution utilities and their ratepayers.
- 5 • Will maintain and improve upon the reliability of Vermont's transmission grid as it  
6 affects WEC and other distribution utilities.
- 7 • Will assure that decisions about future transmission investments, or non-transmission  
8 alternatives, are made in the public interest generally, and are made fairly with  
9 regards to their affect and cost to WEC and our members as well as all of Vermont's  
10 distribution utilities and their respective ratepayers.

11  
12 **9Q. Why should the Board address these concerns arising from the proposed merger?**

13 9A. WEC notes at the outset that it has carefully reviewed the testimony of Michael H.  
14 Dworkin on behalf of the Department of Public Service. In Section III of his testimony  
15 (pages 6-15), and in Section V (pages 20-24), he presents an excellent overview of the  
16 context in which this merger is being considered as it relates to VELCO and TRANSCO.  
17 He ably details a number of specific concerns which WEC also shares. These include,  
18 but are not limited to:

- 19 (1) The central role that VELCO/VTransco provides in transmitting bulk or whole  
20 sale electricity to Vermont's distribution utilities;

- 1 (2) The ability for the owners and managers of VELCO/VTransco to wield great  
2 economic and operational influence over those that need their services;
- 3 (3) The concentrated control by GMP over VELCO/VTransco that will result  
4 from the merger and the potential negative consequences;
- 5 (4) How the public interest and the general good of the State are deeply affected  
6 by the decisions of VELCO's management; and
- 7 (5) How the structure of VELCO's board does not prioritize the general good of  
8 the State over the fiduciary obligations of the individual investors.

9

10 WEC strongly concurs with these portions of his testimony. While WEC has its own  
11 specific interests in this matter, we also agree with Mr. Dworkin that the question of  
12 VELCO/TRANSCO governance is of historic significance. How this matter is decided in  
13 this proceeding will have a significant and very long term impact on Vermont as a state  
14 and on future ratepayers. Therefore, it is imperative that the Board address the  
15 ramifications of this merger upon the organization and operation of VELCO/VTransco in  
16 this docket.

17

18 **10Q. Are there additional concerns that WEC has in addition to those stated in Mr.**  
19 **Dworkin's testimony that impact the general good of the State of Vermont?**

20 10A. Yes. If the merger is approved, the parent company that ultimately owns the new merged  
21 utility is a foreign company that also owns Vermont Gas Systems. This one parent

1 company would thus own by far the state's largest electric utility as well as its only  
2 natural gas utility. In the future, it is entirely possible that there could in turn be  
3 significant changes in ownership of the parent company, in its policies, and business  
4 objectives. While Vermont's regulators significant control on utility activities or projects  
5 within the state, regulatory response is usually generated by the filings from the utilities  
6 where they identify the issues, frame the questions, and request the scope of relief or  
7 approval to be granted from the regulators. With regards to ownership and governance of  
8 VELCO/Vtransco, WEC is concerned not just that one utility owner might exert undue  
9 influence on future transmission grid planning and decisions, but that this utility is in turn  
10 owned by a parent company whose ownership and interests could also change in the  
11 future. This further amplifies WEC's concern about VELCO/VTransco.

12  
13 **11Q. Does WEC have concerns about the present board structure of VELCO?**

14 11A. The current board structure is poorly defined in VELCO's governing documents. The  
15 present representation on the board is a matter of past understandings and agreements,  
16 which are neither set forth in bylaws, nor to my knowledge, otherwise definitively  
17 documented. Although certain consumer-owned utilities are understood to have a "seat"  
18 on VELCO's board, this is not required in its bylaws. Customarily, this has resulted in a  
19 board that has four (4) directors from CVPS, (2) two directors from GMP, one (1)  
20 director from VPPSA, one (1) director from VEC, one (1) director from BED, and one  
21 (1) consisting of the VELCO CEO. There are also three (3) "independent" directors,

1 who are nominated by the Board, two of which happen presently happen to be associated  
2 with large general contractors in the State of Vermont. The “independent” directors have  
3 generally been selected from the corporate and business community, whereas potentially  
4 capable individuals from other important sectors including the environmental and  
5 consumer advocacy communities have not been invited as “independent” directors.  
6 Furthermore, despite the fact that WEC is the fifth largest distribution utility in Vermont,  
7 as measured by the number of customers served, it does not have a seat on the board of  
8 directors. As a minority shareholder, WEC receives notice of VELCO’s annual meeting,  
9 along with a proxy ballot by which we can vote in favor of a predetermined slate of  
10 directors. In practice, the current board self-selects the directors in the manner described  
11 above.

12  
13 **12Q. Does WEC have concerns about its inability to have a seat on the VELCO board?**

14 **12A.** Yes. As a minority owner without representation on the VELCO board, WEC has at  
15 times in the past not been informed of major decisions or investments being considered  
16 that would affect us. Since almost all of VELCO’s owners are represented on the board,  
17 WEC has at times been “out of the loop” regarding matters of interest to us prior to  
18 decisions being made. Some examples of how this has impacted WEC include lack of  
19 notice for the first few equity calls made by VTransco. WEC did not know until the  
20 actual equity call was formally made what amount WEC was being asked. We found out  
21 in the formal notice sent to the shareholders. Everyone else who had board seats had a

1 few months notice because they were on the board, and WEC had to scramble to come up  
2 with the requisite capital. More recently, VELCO was very unclear with WEC about  
3 how and/or when we would be impacted by their fiber buildout and its cost, which  
4 impacted our planning for an advanced meter infrastructure (“AMI”) system.

5  
6 VELCO management has made recent efforts to communicate better with its non board  
7 owners. WEC was offered an opportunity to sit on the operating committee this past fall.  
8 However, there is nothing in VELCO’s governance structure that requires or assures this.  
9 It may be that such an invitation was merely a temporary accommodation in light of the  
10 pending merger petition.

11  
12 **13Q. Does the petitioners’ proposal result in effective control of VELCO by one entity?**

13 13A. Were the merger of GMP and CVPS to occur without further changes to the ownership  
14 and/or governance of VELCO/TRANSCO, then the merged entity, and its parent  
15 company, would clearly have overwhelming control of the assets, investment decisions  
16 and management of Vermont’s transmission grid. The petitioners have acknowledged this  
17 concern by their proposal to create the Vermont Low Income Trust for Electricity  
18 (“VLITE”).

19  
20 **14Q. Does the VLITE proposal address WEC’s concerns and those of Mr. Dworkin on**  
21 **behalf of the Department?**

1 14A. No. The VLITE proposal still results in the merged utility being able to exert  
2 overwhelming control, despite its having barely less than a voting majority. The proposal  
3 does not contemplate the effect of possible future mergers, acquisitions or other changes  
4 among Vermont utilities that might have in maintaining a non-majority by the merged  
5 utility resulting from petitioners' proposal. WEC further concurs with Mr. Dworkin's  
6 critique of this aspect of the proposal, as stated in Section IV of his testimony (pages 16-  
7 20).

8

9 **15. Q. What is WEC's position on the proposal to use VLITE's income to provide financial**  
10 **assistance for low income electricity customers?**

11 15. A. WEC is sensitive to the economic pressures faced by low income Vermonters and the  
12 burden that energy costs contribute to their financial situation. From a personal  
13 perspective, my work prior to becoming General Manager at WEC was in low income  
14 assistance and anti-poverty programs with a very significant focus on energy. WEC  
15 would certainly not be opposed if the restructuring of VELCO/TRANSCO resulted in a  
16 \$1 million annual increment to the total amount of energy assistance available to low  
17 income Vermonters. However, this potential benefit should not be a primary driver in  
18 determining the future governance and/or ownership of Vermont's transmission system.  
19 This is a decision that will have significant, wide and lasting implications.

20

21

1 **16 Q. What is WEC's position regarding public ownership options for VELCO and/or**  
2 **VTransco?**

3 16 A. WEC's Board of Directors has discussed the implications of the proposed merger of  
4 GMP and CVPS on several occasions. The WEC Board took a formal vote and is in  
5 unanimous agreement in expressing support for some form of public ownership of  
6 Vermont's transmission system because this best addresses concerns about VTransco  
7 serving the public good due to the inherent conflict between the fiduciary duties to equity  
8 owners versus the general public. WEC recognizes the many complexities and  
9 difficulties in making such a change, but believes that this may be of long-term benefit to  
10 Vermont ratepayers and serve the overall public interest most effectively. WEC believes  
11 that such options should be given a full analysis at this potentially historic juncture, as the  
12 outcome of this docket is likely to have very long term impact.

13  
14 **17 Q. Would a public ownership structure answer WEC's concerns as you have stated**  
15 **them?**

16 17 A. Yes. While no governance or ownership structure can guarantee that the right choices  
17 will always be made when major decision points arise in the future, a public or quasi-  
18 public ownership structure may offer the best assurance that the people making those  
19 decisions in the future are doing so in both the public's and the ratepayers' best interests.  
20 WEC believes that public or quasi-public ownership might also best address the concerns  
21 expressed by Mr. Dworkin in his testimony on behalf of the Department. In particular, a

1 public or quasi-public entity would insure that the primary goal of the entity would be to  
2 serve the interests of the public, as opposed to the particular shareholders. Furthermore,  
3 it would preclude any particular shareholder, such as GMP, from utilizing its dominant  
4 position to control VELCO to serve its needs to the potential detriment of other minority  
5 shareholders and/or the public as a whole.

6  
7 **18Q. Has WEC done a full analysis of public, quasi-public or cooperative ownership?**

8 18 A. No. As a small utility, WEC does not have the resources nor is it in a position to conduct  
9 its own full financial and legal analysis of such options. We believe regulators and other  
10 parties would benefit from an open and thorough analysis before determining  
11 VELCO/Vtransco's future governance and ownership structure.

12  
13 **19 Q. What financial benefits might be derived from public ownership?**

14 19. A, In Thomas Kandel's testimony on behalf of WEC, he suggests several areas where there  
15 could be significant financial benefits from public or quasi-public structures. These  
16 include access to low cost financing, the benefit to utility ratepayers derived from the  
17 purchase of their shares of Vtransco assets, and the possibility under a cooperative  
18 scenario of lessened federal regulatory burden.

19

1 **20. Q. Would the benefit to ratepayers achieved through lowering VELCO/Vtransco's**  
2 **operating costs be outweighed by the loss of earnings, as discussed in Michael**  
3 **Dworkin's testimony?**

4 20. A. Based on Mr. Dworkin's testimony, it does not appear that an analysis that fully weighs  
5 the pluses and minuses of different options has been conducted. As a Vtransco owner,  
6 WEC is fully aware of the benefits our members see as a result of the earnings derived  
7 from our equity investments. Whether those benefits are greater or less than what might  
8 be expected from reducing the overall operating costs of the system and from paying  
9 back the equity to the utility owners is a question which should be asked, analyzed and  
10 answered. In addition, Mr. Dworkin's testimony and his reference to anticipated  
11 testimony from Sean Foley for the Department appears to assume that the current rate of  
12 return and the current cost sharing ratios with the rest of the ISO New England system  
13 will continue indefinitely. Whether these factors can be relied on in the long term should  
14 be considered in a full analysis, as should the impact of Vermont choosing significant  
15 alternative non-transmission investments. In summary, by presenting Mr. Kandel's  
16 testimony, WEC is pointing out what we believe are fundamental questions about future  
17 ownership of the VELCO/TRANSCO system that should be addressed. While we do not  
18 have the resources to affirmatively state that there is greater long-term advantage to  
19 public ownership, WEC believes there is enough evidence to warrant further  
20 investigation.

21

1 **21. Q. Does public ownership conflict with Mr. Dworkin's governance proposal?**

2 21. A. No. In fact, a governance structure such as Mr. Dworkin proposes, or a similar one with  
3 some modifications as I suggest below, could be appropriate for a quasi-public entity.  
4 Mr. Dworkin is in effect proposing a balanced, quasi-public governance structure for a  
5 privately owned company. I see no reason why the same or similar structure could not be  
6 used to govern an entity that is in fact quasi-public.

7

8 **22 Q. Would changes in statute be required in order to accomplish WEC's**  
9 **recommendation for public or quasi-public ownership, or to accomplish Mr.**  
10 **Dworkin's governance recommendations?**

11 22 A. Vermont has enabling statutes for a number of quasi-public entities in the area of energy  
12 as well as for a number of other purposes. In order to establish a quasi-public  
13 transmission entity, a statute would need to be added and/or amended. It would also  
14 appear that Mr. Dworkin's recommendation for General Good Directors would require  
15 enabling legislation to establish as State Transmission Nominations Board or other  
16 similar selection process. If a quasi-public ownership structure is adopted, its governance  
17 structure could be similar to Mr. Dworkin's proposal and presumably be established in  
18 the same enabling legislation.

19

20 **23 Q. Would converting VELCO/Vtransco to some form of public ownership be difficult**  
21 **and complex?**

1  
2 23 A. Of course it would. In his testimony, Mr. Dworkin discusses some of these complexities  
3 (pages 26-31). Although I do not believe Vermont regulators' past relationship with the  
4 Rural Utilities Service regarding Vermont Electric Cooperative's bankruptcy has  
5 relevance in this proceeding. WEC acknowledges that there would be issues overall to  
6 address. Therefore, Vermont deserves significant and thorough analysis of options for a  
7 more public ownership structure. Mr. Dworkin may be right, or not, but at this point we  
8 do not believe that the problems he has raised are "showstoppers," especially since we do  
9 not feel that the full potential benefits have been put on the other side of the scale.

10

11 **24 Q. What is WEC's response to Mr. Dworkin's governance recommendations, as**  
12 **described in Section VII of his testimony?**

13 24 A. WEC appreciates Mr. Dworkin's recommendations. He has used his expertise and  
14 experience both in Vermont and beyond to craft a governance structure that balances the  
15 interests of the VELCO/Vtransco owners, including for the most part, the smaller  
16 municipal and cooperative owners, and the need to redefine and expand the role of the  
17 non-utility directors. WEC supports the concept of General Good Directors. Mr.  
18 Dworkin is correct in saying that the selection of General Good Directors should not be  
19 subject to short term political influence, should not cause instability or abrupt shifts, and  
20 should result in qualified people being appointed. The selection process he suggests (page  
21 34) appears to be a reasonable one. Mr. Dworkin is also correct in stating that VELCO's

1 bylaws must be revised to bind the organization to whatever governance structure is  
2 adopted, and that the bylaws be structured to maintain the intended balance of power as  
3 future changes in the makeup of Vermont's utilities may occur.  
4

5 **25 Q. In the event a public or quasi-public ownership structure does not result from these**  
6 **proceedings, are Mr. Dworkin's recommendations appropriate for the future**  
7 **governance of VELCO?**

8 25 A Overall, yes. However, WEC has three specific issues which we do not believe are  
9 adequately addressed, whatever the ownership structure should be. They are the scope  
10 of public power representation on the VELCO board or directors, VELCO's CEO as a  
11 member of the board of directors, and conversion to a "B" corporation.  
12

13 **26 Q. What is WEC's concern regarding Mr. Dworkin's recommendation for "public**  
14 **power" representation on the board?**

15  
16 26 A. A. Mr. Dworkin acknowledges the concern that there are presently two utilities (Stowe  
17 Electric Department and WEC) that have no representation on the board. Mr. Dworkin's  
18 recommendation #8 (page 37) is to allocate one board seat to a presently unrepresented  
19 public power utility. While this is certainly an improvement over no representation for  
20 either one, it remains problematic. First, there will continue to be one (and only one)  
21 utility that at any given time has no board representation. For many years, this was

1 WEC's situation alone. The Town of Stowe Electric Department ("SED") ceased having  
2 board representation more recently when it chose to leave VPPSA. Second, Mr.  
3 Dworkin's recommendation does not anticipate the possibility of other future changes  
4 among the public power utilities such as other changes in VPPSA membership, or  
5 consolidations among these utilities. While no such changes are presently contemplated  
6 to my knowledge, the recommendation would lock in an assumption about the present  
7 makeup of public power in the State. WEC sees no reason why SED and WEC should not  
8 each be represented on the board. Mr. Dworkin's proposal overall abandons a straight  
9 shareholder vote system for selecting directors, and WEC agrees with that position.

10  
11 WEC, also, concurs with the position taken by SED on this issue. As set forth in the pre-  
12 filed testimony of Ellen Burt, VELCO's board membership in direct proportion to  
13 ownership shares is not warranted. There already exists a disconnect between the equity  
14 interests and board control when one considers the membership units in VTransco.  
15 Moreover, given the primary purpose of VELCO/VTransco to operate, maintain, and plan  
16 a transmission system that benefits all citizens and ratepayers, as opposed to serving the  
17 individual interests of its shareholders, proportional membership on the board of directors  
18 is not required to serve the overall public good of the State of Vermont. Accordingly, it  
19 is consistent to have all utilities represented on the board, either individually or through  
20 VPPSA, along with the General Good Directors. The total number of directors might or  
21 might not require adjustment to accommodate this.

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**27 Q. Should VELCO’s CEO be a voting member of the Board of Directors?**

27 A. No. WEC recognizes that this is a common practice in corporate board structures. However, it is not appropriate for VELCO/Vtransco, whether it becomes a quasi-public entity as WEC suggests or whether it simply adopts a quasi-public governance structure along the lines of Mr. Dworkin’s recommendations. WEC believes that for this entity, the CEO should work for the board of directors and not be a voting member of it.

**28 Q. Should VELCO be converted to a “B” Corporation.**

28 A. WEC believes serious consideration for converting VELCO to a “B” corporation should occur in order to insure that VELCO operates with a primary focus of serving the public’s general good as opposed to the individual shareholders. WEC is not convinced that technical hurdles would outweigh the public benefit of having a Vermont’s transmission utility focused on serving the general good of the State of Vermont.

**29 Q. Mr. Dworkin raises concerns about a cooperative model because of Vermont Electric Cooperative, Inc.’s experience with financing through the United States Department of Agriculture’s Rural Utility Service (“RUS”). Does WEC have experience with RUS?**

1 29 A. Yes, WEC has received financing for most of its capital projects through RUS and its  
2 predecessor, for more than seventy (70) years.

3

4

5

6 **30 Q. Please describe WEC's general experience with RUS as a lender.**

7 30A. WEC has had a very favorable experience with RUS. They provide low cost financing  
8 substantially below market rates. For example, RUS permitted WEC to invest in  
9 renewable generation at Coventry Landfill at favorable rates when such landfill gas to  
10 generation projects were merely in their infancy. As a lender, RUS requires WEC to  
11 meet certain financial ratios and other requirements, which would be expected of any  
12 lender. WEC has been treated fairly by RUS, and it is not aware of any experience where  
13 they have unduly exercised their influence upon WEC's operations.

14

15

16 **III.IMPACT UPON WEC AS A RATEPAYER**

17

18 **31 Q. Is WEC a ratepayer of GMP?**

19 31A. Yes. Seven out of eight WEC substations are served by subtransmission lines owned by  
20 GMP. WEC, also, has a metering tap from a three-phase line owned by GMP.

21

1 **32 Q. As a ratepayer, will WEC be adversely impacted by the proposed merger?**

2 32 A. Yes. In its FERC filing for approval of the merger, GMP has proposed to merge its sub-  
3 transmission tariffs with CVPS a few months after the consummation of the Step 1  
4 Transaction, which is presently scheduled to occur in July 2012, or concurrently with the  
5 closing of the Step 2 Transaction. See Exhibit WEC 11 (AP-1), a copy of the applicable  
6 excerpt from Petitioners' FERC filing for approval of merger. WEC retained the  
7 services of Richard LaCapra to measure the impact of the merger of these tariffs.  
8 GMP's subtransmission tariff is substantially lower than CVPS. Since WEC takes no  
9 service from CVPS, WEC will incur a substantial rate increase by such a merger.  
10 Richard LaCapra's analysis shows that WEC will incur a 70% rate increase without any  
11 mitigation, and it will cost WEC's rate payers approximately \$128,000.00 per year. See  
12 Exhibit WEC 12 (AP-2) for a copy of the pre-filed testimony, analysis, and exhibits of  
13 Richard LaCapra filed in the FERC Docket No. EC 11-117-000. This represents almost  
14 1% on WEC's rate base. GMP's proposed merger contains no effort to mitigate this  
15 significant, adverse impact upon WEC and its members.

16  
17 **33 Q. Would you like the PSB to address this adverse impact upon WEC and its rate**  
18 **payers?**

19 33 A. Yes. WEC requests that the PSB condition approval of the merger upon appropriate rate  
20 mitigation efforts to protect WEC and its members. This should include, but not be

1 limited to, measures that hold WEC harmless from the merged tariffs. WEC proposes the  
2 following:

3  
4 In no event shall any action related to the merger, including but not limited to  
5 consolidation of the ownership and operation of the transmission facilities of Central  
6 Vermont and Green Mountain into a single corporate entity or the adoption of a single  
7 rate schedule under which transmission service is offered over their combined  
8 transmission systems at a single rate, cause the rates charged to transmission customers  
9 served prior to the merger under a transmission tariff with a revenue requirement based  
10 solely on the costs of Green Mountain Power's transmission facilities (currently,  
11 Schedule 21-GMP to the ISO-NE Tariff) to increase above the level at which such rates  
12 would have remained under a stand-alone GMP transmission revenue requirement.

13  
14 **34 Q. Does this conclude your testimony?**

15 **34 A. Yes.**