

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)
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.)

Docket No. 7770

**MEMORANDUM OF UNDERSTANDING
BETWEEN PETITIONERS, THE VERMONT DEPARTMENT OF PUBLIC SERVICE,
AND INTERNATIONAL BUSINESS MACHINES CORPORATION**

This Memorandum of Understanding (the "MOU") dated as of April 3, 2012 sets forth agreements reached between the Vermont Department of Public Service ("DPS" or the "Department"), International Business Machines Corporation ("IBM") and "Petitioners"¹ (and with the Department and IBM together, the "Parties") in connection in the above-captioned Vermont Public Service Board ("Board") Docket, in which Petitioners seek approval of the

¹ 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. ("VLITE").

acquisition of CVPS by Gaz Métro and the merger of CVPS and GMP into one company (“Merger”).

Background

1. On March 26, 2012, Petitioners and the Department executed a Memorandum of Understanding (the “GMP/DPS MOU”) in this Docket, including, *inter alia*, provisions for Guaranteed Shared Savings (Paragraphs 15-17), Reliability Improvement (Paragraph 21), Financial Integrity Measures (Paragraph 22), Alternative Regulation Plan and Merger Savings Calculation (Paragraphs 23-29), and Tariff and Rate Integration (Paragraphs 30-32).

2. The DPS and Petitioners have also engaged in discussions to address and clarify certain aspects of the GMP/DPS MOU.

3. The Parties have reached agreement to clarify and supplement certain provisions of the GMP/DPS MOU as set forth herein.

Terms

4. As clarification of the Savings Guarantee Plan described in Paragraph 17 of the GMP/DPS MOU, in the event that total Merger savings reflected in GMP rates during the ten-year period after Merger closing are less than \$144 million, GMP shall, as part of its Savings Guarantee Plan, provide that the difference will be returned to customers through a bill credit, including a proposed methodology and timing for implementation of such plan, subject to approval by the Board.

5. As clarification of the Tariff and Rate Integration provisions in Paragraphs 30-32 of the GMP/DPS MOU, GMP shall continue to serve IBM on its current C&I Transmission Service Rate and maintain the existence of this rate class, subject to approved rate adjustments and subject to approval by the Board of a new rate design referenced in Paragraph 32.

6. As a supplement to the Tariff and Rate Integration provisions in Paragraphs 30-32 of the GMP/DPS MOU, and as part of the rate design proceeding discussed therein, GMP will account for the differences in costs associated with serving load at the distribution and transmission level, and will also account for the differences in costs associated with the particular voltage levels at which transmission service is provided.

7. As a supplement to the Financial Integrity Measures described in Paragraph 22 of the GMP/DPS MOU, GMP shall not write loans to any affiliated company that is not also rate regulated under a U.S. or Canadian jurisdiction. For any loans between GMP and affiliates with rate regulations by Canadian rate regulators, GMP will seek Board approval before any loans are written.

8. As a supplement to the Alternative Rate Plan timing and changes described in Paragraph 23 of the GMP/DPS MOU, GMP shall file, as part of the requested changes to the GMP Alternative Regulation Plan (to be filed no later than April 15, 2012), a request for Board re-approval of the GMP Virtual Choice Plan in a manner substantially similar to the Plan approved by the Board in Docket No. 7435.

9. It is IBM's expectation that the proposed Merger will benefit the state and electric customers to the extent GMP satisfies its commitments as described in this MOU. Specifically, IBM supports the following provisions of the GMP/DPS MOU, as clarified and supplemented by this MOU: the Guaranteed Shared Savings described in Paragraphs 15-17 of the GMP/DPS MOU; the rate implementation provisions described in Paragraphs 23-32 of the GMP/DPS MOU; the Reliability Improvement requirement described in Paragraph 21 of the GMP/DPS MOU; and the Financial Integrity Measures described in Paragraph 22 of the GMP/DPS MOU.

Miscellaneous

10. This MOU provides for a final resolution of all issues between the Parties in ~~Docket No. 7770 with respect to all agreements set forth herein.~~

11. The Parties have made compromises on specific issues to reach agreement on this MOU. In the event that the Board fails to approve this MOU in its entirety or acts to overrule or disapprove any portion hereof, each such party agrees that their agreement set forth herein may terminate, if such party so determines in its sole discretion, and each shall have the same rights as each would have had absent this MOU.

12. The MOU shall not be construed by any party or tribunal as having precedential impact on any future proceedings involving the Parties, except as necessary to implement this MOU or to enforce an order of the Board resulting from this MOU.

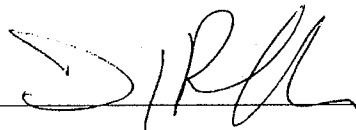
13. The Department will support issuance of the orders and findings of the Board specified herein subject to the Department's obligations under Title 30 of the Vermont Statutes Annotated. Nothing in this MOU abrogates the Department's ability to use its existing regulatory authority to initiate or seek an investigation of a utility company or its actions under Title 30 of the Vermont Statutes Annotated.

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

DATED this 2nd day of April, 2012.

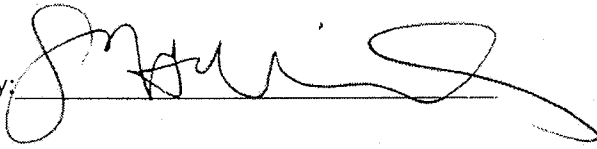
PETITIONERS CENTRAL VERMONT PUBLIC SERVICE CORPORATION, NORTHERN NEW ENGLAND ENERGY CORPORATION, for itself and as agent for Gaz Métro Limited Partnership's parents, GAZ MÉTRO LIMITED PARTNERSHIP, GAZ MÉTRO INC., DANAUS VERMONT CORP., GREEN MOUNTAIN POWER CORPORATION and VERMONT LOW INCOME TRUST FOR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

By: _____

A handwritten signature in black ink, appearing to be "D. R. M.", written over a horizontal line.

DATED this 2nd day of April, 2012.

VERMONT DEPARTMENT OF PUBLIC SERVICE

By: 

DATED this 3rd day of April, 2012.

INTERNATIONAL BUSINESS MACHINES
CORPORATION

By: *Janette K. Bombardier*
Senior Location Executive