

MEMORANDUM

To: VELCO

From: Day Pitney

Date: March 12, 2009

Re: Listing of Proposed Modifications to Modernize the SPA

VT Transco is planning to modify the Substation Participation Agreement (“SPA”) to adjust the manner in which shared use costs are allocated. To effectuate such changes, the SPA will need to be filed with and accepted by FERC. Since this process is going to happen, it makes sense to perform a more thorough clean up and modernization of this agreement for FERC to consider and accept at the same time. Generally, the proposed “modernized” version of the agreement has been marked up to make the language clearer, more concise and less subject to ambiguity wherever possible. Most of the proposed clean ups fall in the categories described below.

Provision	Modification	Reason
Cover Sheet	Remove reference to transfer of agreement from VELCO to VT Transco (which occurred in 2006).	Mootness
Throughout	Replace “VELCO” with “VT Transco.”	Updated to accurately reflect the current service provider.

Throughout	Replace the former appendices with a Standards Service Agreement and a commitment to post substation list on OASIS.	As modified, it more closely follows the structure used by the OATT to ensure modifications to the SPA are not needed every time a new substation is added or an old substation is dropped.
Articles I & XIII	Remove language regarding prior agreements that the SPA superseded when originally adopted.	Mootness.
Article II	Change time from midnight to 11:59 PM.	Eliminate potential ambiguity.
Article III	Change language regarding customer proposed modifications to the design of a substation.	Clarify that VT Transco will accommodate customer requests to modify design, provided they are timely.
Articles IV and VI	Change interest rate to use FERC's interest rate.	Previous language set interest rate by reference to First National Bank of Boston, which no longer exists.
Article XI	Language added to (1) clarify that its "binding" arbitration ; and (2) the arbitrator's decision can be appealed to court to the extent the law provides.	Clarifications to make the language more explicit.