



To: VELCO Operating Committee
From: Karen O'Neill, VELCO General Counsel
Date: July 12, 2012
Re: Merger Case: Implications for Operating Committee

Tom asked that I advise the committee regarding any implications arising from the GMP/CVPS merger case for the Operating Committee. This memo responds to that request.

During the merger proceeding GMP and CVPS (collectively, Petitioners) entered into a Memorandum of Understanding with the Department of Public Service resolving a variety of outstanding issues in the merger case, including VELCO governance issues. That MOU contained a commitment from Petitioners that they would advocate that all distribution utilities with an ownership interest in Transco be allowed membership in the Operating Committee. That is the only provision in the settlement documents or the VPSB's Order in the merger docket that addresses the OpCom directly.

As you are aware, while all Vermont distribution utilities have been free to attend OpCom meetings, membership in the OpCom with associated voting rights is currently limited to distribution utilities with a percentage share of greater than 4% of VT Transco per the Vermont Transco LLC Transmission Administration Manual (VTAM) approved by the VELCO Board. Consistent with its MOU commitment, we expect GMP to advocate for a change in this membership criterion with the OpCom and the VELCO Board. Since the VELCO Board established this criterion, we also expect that the issue will ultimately be discussed and decided by the Board in response to GMP's advocacy.

Pending a proposal by GMP to change the membership criterion, no initiative or specific action is required of the OpCom or the Board. With that said, the OpCom is, of course, free to discuss and provide to the Board any advice regarding the issue that it deems appropriate.

If you have any questions regarding this or other issues arising from the merger docket, please feel free to contact me.