

The VELCO logo is displayed in a bold, white, sans-serif font. It is positioned on the left side of the top banner, which features a scenic background of rolling hills with autumn foliage and several transmission towers.

VERMONT'S TRANSMISSION RELIABILITY RESOURCE

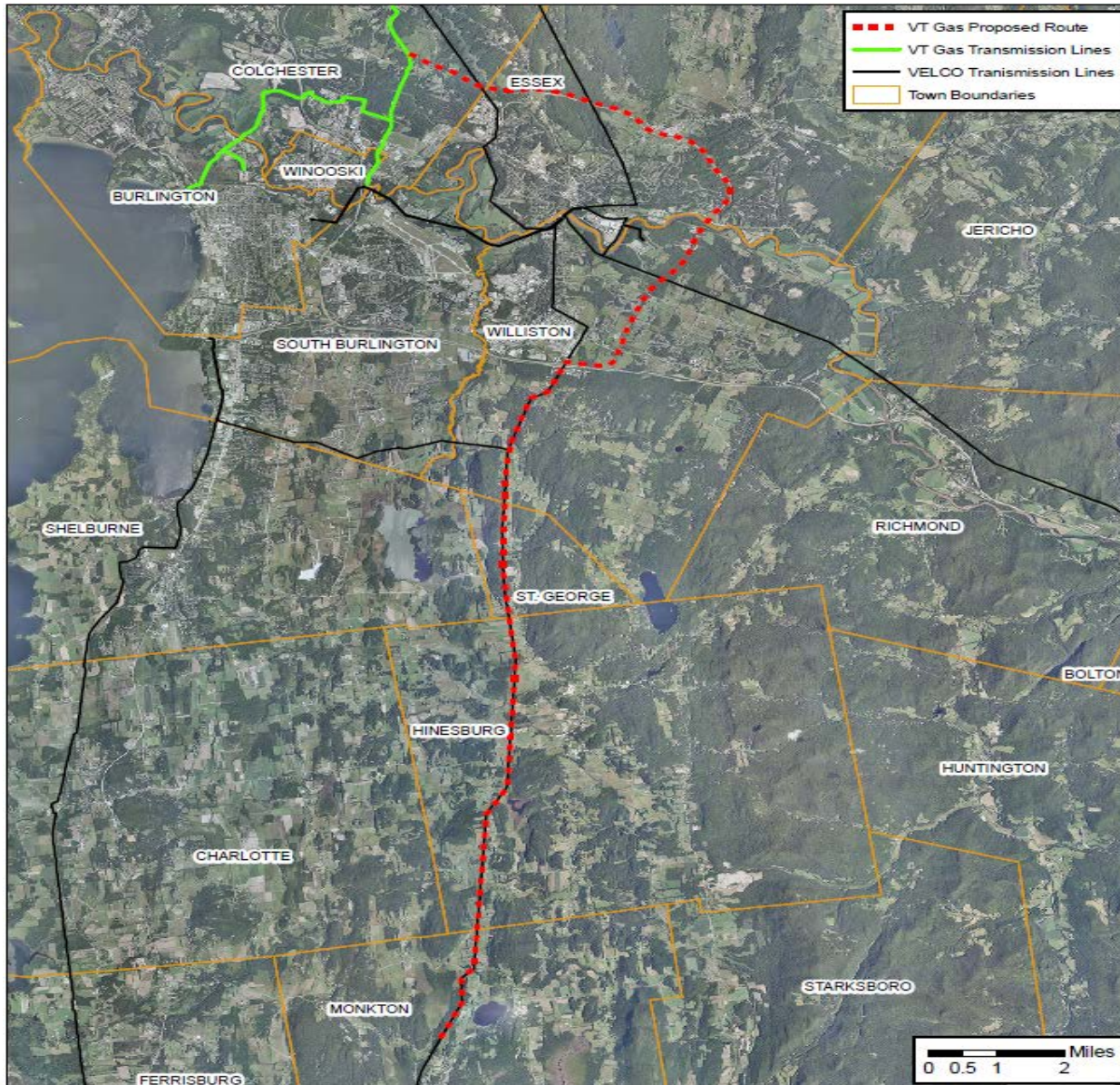
Vermont Gas Systems Addison Natural Gas Pipeline (ANGP) Update January 16, 2014

Operating Committee Meeting

Vermont Gas Systems - ANGP Project

- Phase 1 of the Vermont Gas Systems Addison Natural Gas Pipeline (ANGP) Project involves approximately 43 miles of new 12' steel pipeline starting in Colchester and terminating just north of Middlebury.
- The approved pipeline route is predominately in and along the VELCO transmission corridor south of I-89 between VELCO's Taft Corners and New Haven substations and south into Middlebury.
- Vermont Gas is planning to provide natural gas to residential and commercial customers in the larger towns along the pipeline route including Agri-Mark/Cabot in Middlebury.
- The approved pipeline route traverses the following towns: Colchester, Essex, Williston, St. George, Hinesburg, Monkton, Ferrisburgh, Vergennes, Waltham, New Haven and Middlebury.

Approved Route of VGS Addison Natural Gas Pipeline



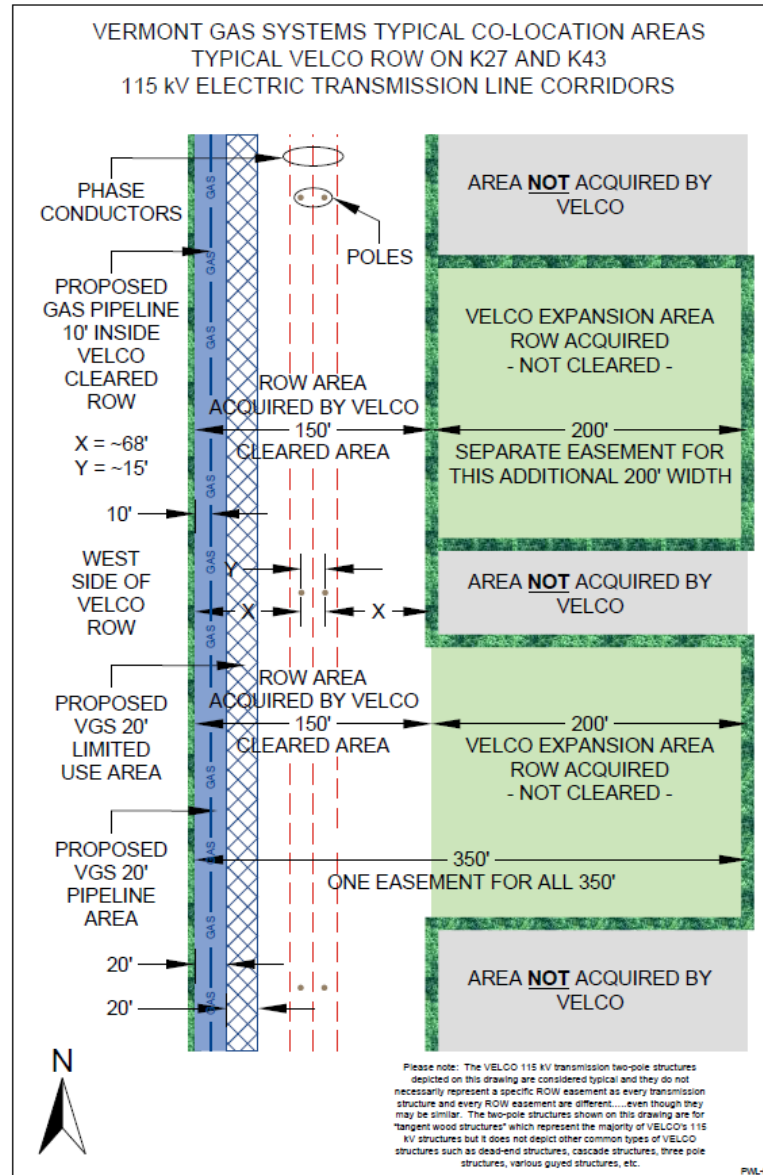
Vermont Gas Systems - ANGP Project

- Phase 1 - Section 248 petition filed with the VT PSB on December 20, 2012
 - Technical hearings were held the week of September 16-20, 2013
 - VELCO was an intervenor and provided pre-filed and direct testimony
 - PSB Order & CPG was issued on December 23, 2013
 - VGS plans to file up to 56 condemnation petitions in late January 2014
 - Condemnation orders are expected by September/October 2014
 - Limited HDD pipeline construction planned for April 2014
 - Full pipeline construction is expected to start by October 2014
 - Project completion is planned by December 2015
- On November 19, 2013 Vermont Gas filed a Section 248 petition for Phase 2 of their Addison Natural Gas Expansion Project with plans to bring natural gas to the International Paper Company in Ticonderoga, NY.
- Vermont Gas plans to propose a Phase 3 Project to bring natural gas to Rutland, VT by the year 2020.

Vermont Gas System - ANGP Project

- Public Service Board supported the June 13, 2013 VELCO/VGS MOA which limited the location of the proposed physical pipeline to only 10' inside the VELCO ROWs however, this represents a 40' ROW for VGS within the VELCO ROW (20' of Pipeline Area and an additional 20' of Maintenance/Access Area)
- VGS pipeline reroute near Rotax Road in Monkton was approved by the PSB thereby eliminating significant VELCO right-of-way conflicts if pipeline had been ordered to be placed within the VELCO K43 between structures 180 to 190.
- VELCO agreed to and supported placement of the physical pipeline into the east side of the VELCO 350' right-of-way to accommodate a K43 landowner's environmental concern off of Old Stage Road in Monkton.
- Selected pipeline construction to start in April 2014 for up to 17 horizontal directional drilling (HDD) locations with full pipeline construction starting by 10/2014.

Typical Impacts of Gas Pipeline onto VELCO ROWs



Vermont Gas Systems - ANGP Project

- **Additional Details on the Approved Pipeline Route**
 - Pipeline routing design has not been finalized – (Hurlburt, Carse, etc.)
 - Impacts VELCO K21, K22, K24, K27, K43, K63, K64 & 370 ROWs
 - VGS easements with landowners are 50' permanent and 25' temp.
 - VGS 40' wide easements are on VELCO ROWs for 10.5 miles
 - Up to additional 11 miles of 20' permanent maintenance/access easements within VELCO ROWs
 - 17 crossings of the VELCO ROWs with 40' permanent easements
 - Pipeline also crosses GMP & VEC transmission and distribution lines

Vermont Gas Systems - ANGP Project

- **VELCO Ongoing Involvement with Phase 1 of the ANGP Project**
 - Continue to attend and participate in weekly VGS Project Meetings
 - Continue to review proposed routing designs impacting VELCO ROWs
 - Develop a Co-location Agreement for VGS' ROWs impacting VELCO ROWs
 - Negotiate value of Co-location Agreement that VGS will pay to VELCO
 - Develop a joint O&M Agreement for ongoing operations of the gas pipeline
 - Continue to provide VELCO safety and environmental training of VGS staff and qualified contractors/consultants
 - Review and approve final VGS AC mitigation, grounding and cathodic protection report
 - Provide engineering review and approval of VGS routing changes in VELCO ROWs
 - Provide VELCO field coordinator(s) for VGS construction in VELCO ROWs
 - Review and approve VGS Blasting Plans for areas near VELCO transmission assets



Construction through wetland south of Jewett Road, St. Albans

Construction here involved trench breakers, silt fences
and a timber mat bridge over a stream

