

VELCO Operating Committee Meeting Minutes
Thursday, December 18, 2008

The Operating Committee for Vermont Electric Power Company, Incorporated was held at Burlington Electric Department, 585 Pine Street, Burlington, Vermont and was called to order by the Chairman, Neal Robinson, at 11:15 a.m.

Members in attendance were, Kevin Perry, Don Rendall, Kerrick Johnson, Ken Mason, Ken Nolan, Neal Robinson, Greg White, Ernie Hiatt (via telephone) and Judy Frazier (via telephone). Also attending the meeting were Frank Etori and Deena Frankel.

By motion duly made and seconded the minutes of the November 18 and December 12, 2008 meetings were approved as submitted.

The Committee discussed the VELCO Long-Range Plan focusing on the determination of Affected Utilities and Lead Utilities. Frank Etori reviewed a summary of the plan which identified the Affected Utilities and Lead Utilities as determined by VELCO. Mr. Etori also briefed the group regarding the criteria used by VELCO in making the determinations. The committee and Mr. Etori agreed to make certain changes to the Affected Utilities. The revision will be shared among the DU's in an effort to receive feedback prior to submitting the plan to the VSPC. To assist this process Greg White volunteered to draft a document describing the criteria used to identify Affected Utilities. The Committee also discussed Lead Utilities. VELCO was required by the VSPC to name Lead Utilities for each project in the long-range plan. It was agreed that the final identification of the Lead Utility will be made by agreement among the Affected Utilities.

Mr. Robinson reviewed the list of Alternates which have been determined and encouraged those members who have not yet named their Alternate to do so.

Mr. Thad Omand, Controller at VELCO, then joined the meeting by phone. Mr. Omand reviewed his proposal (attached) relating to VELCO's provision of market services. Under motion duly made and seconded the proposal was unanimously passed.

Mr. Robinson gave a brief update regarding the development of procedures to be followed when the committee is involved in a dispute resolution under the V-TAM. Mr. Rendall encouraged the committee not to adopt specific procedures, but to keep the process simple and flexible. Mr. Robinson explained that the Substation Participation Agreement was being re-drafted by Richard Lorenzo and will be brought to the committee at the January meeting.

The meeting concluded and the next meeting will be held on January 15, 2009. The location will be determined and noticed to all members.

Respectfully submitted,

Judy Frazier, Secretary

**VERMONT ELECTRIC POWER COMPANY
PROVISION OF MARKET SERVICES
December 16, 2008**

Velco's objective, as manager of VT Transco, is to insure that all utility customers are billed for services provided as accurately as possible and in accordance with contracts. The core function performed by Velco for Vermont utilities is to transmit electricity as needed. In performing this function it is Velco's responsibility to appropriately track the electricity provided through the collection of meter reads which are submitted to ISO-NE. As a result Velco believes that all aspects of metering including daily collection and submission, research, modifications, and other issues that arise will be billed as transmission costs under the 1991 Vermont Transmission Agreement.

A second function that Velco performs for the Vermont electric distribution utilities is the administration of shared contracts. A number of Vermont utilities have joined together to form purchase power agreements known as HQ, NYPA, and Blockload. Velco administers these contracts by scheduling the delivery of power, initiating internal bilateral contracts, performing financial settlement, and tracking deficiencies. Velco will track the cost of performing these functions and only bill the individual utilities that are parties to the contracts for these services. The billing allocation percentages will be based on a variation of power scheduled or delivered per the contracts.

Beyond these two functions Velco is available to answer questions or assist as necessary. These services will be billed to the utility requesting the service. Examples of services that could be performed are listed below. Velco wishes to be seen by our customers as a valuable resource and as such is available for questions and assistance as needed.

Individual utility billed as requested

1. ISO Market rules & operating procedures assistance
2. General market or billing related Q&A or research
3. Unit audit process support
4. Generator Asset registration support
5. External contract support
6. External contract tagging
7. Transaction submittal review
8. Transaction submittal coverage
9. Support GIS system; certificate transfers
10. Support for LRP asset metering/settlement
11. GADS reporting
12. Month end summary analysis, reporting, or reconciliation
13. Customized analysis of ISO settlement or other data
14. ISO billing facilitation or extensive customization of billing
15. ISO invoice and special adjustment reconciliation or analysis