

Vermont Transco LLC  
Original Rate Schedule No. 4

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**Assignment of**

**Rate Schedule No. 247  
Agreement**

**From**

**Vermont Electric Power Company, Inc.  
Rate Schedule No. 247**

**To**

**Vermont Transco LLC  
Original Rate Schedule No. 4**

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Issued by: Thomas N. Wies  
VTrasnco - Managing Member Representative

Effective On: June 30, 2006

Issued On: August 31, 2006

Filed to comply with the Letter Order of the Federal Energy Regulatory Commission, Docket No. ER06-900-000, issued June 16, 2006.

**AGREEMENT**

THIS AGREEMENT is among MISSISQUOI ASSOCIATES (“Missisquoi”), a joint venture between Sheldon Springs Power Company and Bechtel Hydro Associates, Ltd., with offices at P.O. Box 498, Brattleboro, Vermont 05301; the STATE OF VERMONT DEPARTMENT OF PUBLIC SERVICE (the “Department”), an agency of the State of Vermont created under Title 30, Part 1, of Vermont Statutes Annotated, with offices at 120 State Street, Montpelier, Vermont 05602; VERMONT ELECTRIC POWER COMPANY, INC. (“VELCO”), a Vermont corporation with offices at Pinnacle Ridge Road, P.O. Box 548, Rutland, Vermont 05701; CENTRAL VERMONT PUBLIC SERVICE CORPORATION (“CVPS”), a Vermont corporation with offices at 77 Grove Street, Rutland, Vermont 05701; and GREEN MOUNTAIN POWER CORPORATION (“GMP”), a Vermont corporation with offices at P.O. Box 850, 25 Green Mountain Drive, South Burlington, Vermont 05402-0850.

**WITNESSETH:**

WHEREAS, Missisquoi is in the process of developing or plans to develop approximately 24.8 MW of hydroelectric generating capacity at its site at the former Saxon Industries Paper Mill on the Missisquoi River at Sheldon Springs, Vermont; and

WHEREAS, Missisquoi desires to sell the power generated at that facility to the Vermont Power Exchange, Inc., as purchasing agent, under Rule 4.100 of the State of Vermont Public Service Board (the “VPSB”); and

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WHEREAS, Missisquoi has applied to the VPSB in a proceeding bearing VPSB Docket No. 4939, for approval of a firm long-term levelized rate, for such power; and

WHEREAS, in connection with and in support of its application to the VPSB in Docket No. 4939, Missisquoi proposed that the output of its facilities be conveyed via a 1200-foot long transmission line to an interconnection with a 46 KV transmission line to be constructed and owned by Citizens Utilities Company, with the knowledge that the power so produced and delivered was expected then to be carried to a point of interconnection with the VELCO system at Highgate, Vermont; and

WHEREAS, the Department, Central Vermont and VELCO have appealed all or portions of one or more orders entered by the VPSB in Docket No. 4939; and

WHEREAS, the parties desire to resolve their differences with respect to the matters which are the subject of VPSB Docket No. 4939, insofar as possible.

**N O W, T H E R E F O R E:**

The parties agree as follows:

1. Consistent with its statutory responsibilities, the Department will work cooperatively with Missisquoi to resolve any remaining outstanding issues, including the matter of a Section 248 application by Citizens Utilities Company ("Citizens"), to construct a line between Missisquoi's facilities at Sheldon Springs and VELCO's transmission system at Highgate.

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2. Although neither VELCO, CVPS or GMP has requested or seeks to have the Missisquoi-generated power so delivered and accepted, VELCO will accept at Highgate the output of the Missisquoi project through the facilities of Citizens.

3. (a) Missisquoi will make a one-time irrevocable payment to VELCO of \$500,000 at the time Missisquoi-generated power is first transmitted on the VELCO system. This payment, which is not subject to modification, is a contribution based on the rough estimate made to Missisquoi by VELCO of the incremental cost (except for costs associated with wheeling as described in Paragraph 4, below) which may be incurred as a result of delivery of the Missisquoi-generated power to the VELCO system at Highgate.

(b) In addition to the payment described in Paragraph 3 (a) above, Missisquoi will pay for the additions and modifications to the Highgate substation required to interconnect the output of the Missisquoi project to the VELCO grid. This includes a structural steel bay, 46 KV circuit breaker, an extension to the 46 KV bus plus disconnecting switches, protective relay, metering devices and other auxiliaries and is estimated to cost \$98,340 in 1985 dollars. The payment will be accomplished by way of a substation participation agreement with Citizens. Alternatively, if VELCO in its discretion arranges with Citizens for a manner of interconnection at the VELCO substation at a lesser cost and not involving the installation of an additional breaker, VELCO will charge the costs of its necessary additions and modifications to Citizens, and Missisquoi agrees that it will reimburse those costs to Citizens.

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4. VELCO, CVPS and GMP will be free to file with the Federal Energy Regulatory Commission or other appropriate regulatory bodies any wheeling charge, including a wheeling charge which would extend to Missisquoi power and be payable by Missisquoi. All parties will retain their rights to support or oppose any such filing.

5. The parties agree that Missisquoi is eligible for levelized rates as a result of the VPSB decisions in Docket No. 4939 (except as to the portions of the output as to which Paragraph 3 of the VPSB's October 2, 1985 Order in Docket No. 4939 specifies that a levelized rate is not available). For the portion of output for which it is eligible for a levelized rate, Missisquoi will not seek a rate other than that determined under the thirty-year rate schedule provided for in VPSB Docket No. 4804.

6. The parties agree that the VPSB's October 2, 1985 Order In Docket No. 4939 shall become final and no longer subject to appeal on the date hereof. The parties further agree that this Agreement shall control the liability of Missisquoi for interconnection costs (other than the possible wheeling charge referred to in Paragraph 4, above) regardless of any subsequent modification of the VPSB's Orders of May 31, 1985 and/or September 13, 1985 in Docket No. 4939, and also regardless of the extent to which, if at all, such Orders are affirmed or reversed on appeal. To the extent not inconsistent with the terms and principles of the two preceding sentences, the Department, VELCO, CVPS and GMP may seek vacation or modification of the VPSB's Orders in Docket No. 4939, and Missisquoi will not oppose such efforts.

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7. Promptly following the execution of this Agreement, the parties will file a stipulation of dismissal as to the appeals to the Vermont Supreme Court of the VPSB's October 2, 1985 Order in Docket No. 4939. To the extent not inconsistent with the provisions and principles of the first two sentences of Paragraph 6, the pending appeals may continue as to the VPSB's May 31, 1985 and/or September 13, 1985 Orders in Docket No. 4939.

8. Missisquoi will cooperate with the Department and others to permit the two 10.26-MW turbine generating units to operate as synchronous condensers. Missisquoi will do so at its incremental cost without profit or return. VELCO will advise Missisquoi if this is of interest as soon as possible so that necessary design modifications may be made and necessary additional equipment may be ordered.

9. The Department, VELCO, CVPS and GMP agree that payments made pursuant to this Agreement constitute reasonable compensation (by Missisquoi) (handwritten in original) for all costs. (except for costs associated with wheeling as described in Paragraph 4, above) which may be incurred as a result of delivery of the Missisquoi power to the VELCO system at Highgate.

10. This document constitutes the entire agreement between the parties, their agents and employees regarding matters specifically covered in this Agreement.

11. This instrument is executed in quintuplicate and shall become effective only when it has been executed on behalf of all five named parties.

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Original Sheet No. 7

Dated this 3rd (handwritten in original) day of December, 1985.

MISSISQUOI ASSOCIATES

By: Signature (handwriting illegible in original)  
Vice President and  
General Manager

STATE OF VERMONT  
DEPARTMENT OF PUBLIC SERVICE

By: Gerald R. (last name illegible in original)  
Commissioner

VERMONT ELECTRIC POWER COMPANY, INC.

By: James E. Griffin

CENTRAL VERMONT PUBLIC  
SERVICE CORPORATION

By: James E. Griffin

GREEN MOUNTAIN POWER CORPORATION

By: Signature (handwriting illegible in original)

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