



Stephen J. Rourke
Vice President, System Planning

April 13, 2010

Mr. Hantz Presume
Vermont Electric Power Company
366 Pinnacle Ridge Road
Rutland, VT 05701

Re: VELCO-09-TCA-02: Request for Pool-Supported PTF Cost Treatment for the Construction of the Lyndonville Substation Project; ISO New England Written Finding and Determination

Dear Mr. Presume:

This letter is being sent in accordance with Section 1 of Schedule 12C of Part II of the ISO New England Inc. ("ISO") Transmission, Markets and Services Tariff (the "Tariff") and ISO Planning Procedure No. 4 ("PP4").¹

On November 4, 2009, Vermont Electric Power Company ("VELCO") filed a Transmission Cost Allocation ("TCA") application pursuant to Schedule 12C of the ISO Tariff for construction of the Lyndonville Substation (the "Project"). The TCA application requested Pool Transmission Facility ("PTF") cost allocation treatment for costs associated with the construction of a new four breaker 115 kV ring bus and the installation of one 115/34.5 kV transformer at the new Lyndonville Substation. Pursuant to Schedule 12 of the Tariff, the Reliability Committee ("RC") reviewed VELCO's application and, on December 15, 2009, recommended that the ISO approve the application to treat \$8,950,160 as Pool-Supported PTF costs.²

The ISO concurs with the RC's vote in favor of approving PTF regional rate treatment of \$8,950,160. Only actual expenditures may be included in the PTF regional rate.

The ISO Tariff requires submission and review of this TCA application because the amount of the transmission upgrade that VELCO is seeking to be rolled-in to the PTF rate is in excess of \$5,000,000. In making its determination that the costs associated with this Project should be Pool-Supported PTF costs, the ISO concurs with the RC's recommendation that the costs identified by VELCO as PTF should be approved for regional allocation. The ISO's decision is based on the facts that the project provides a regional reliability benefit, is consistent with Good Utility Practice, and is consistent with

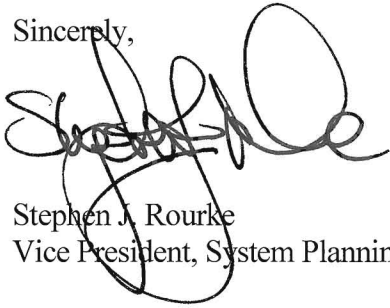
¹ Capitalized terms not defined in this letter have the meanings ascribed thereto in the ISO Tariff.

² Valuation year of dollars is 2011, the estimated year of Project completion.

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current engineering and design practices in the area in which the project is being constructed. Further, the Project improves reliability, at a lower cost than the alternatives considered, at the St. Johnsbury Substation during loss-of-load conditions by providing a redundant point of injection to the local transmission system.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Rourke", written over a circular stamp or seal.

Stephen J. Rourke
Vice President, System Planning

cc: TCApps
Reliability Committee