

STATE OF VERMONT
PUBLIC SERVICE BOARD

VERMONT PUBLIC
SERVICE BOARD

2011 OCT 31 AM 10: 04



Joint Petition of Central Vermont Public Service Corporation)
("CVPS"), Danaus Vermont Corp., Northern New England)
Energy Corporation ("NNEEC") for itself and as agent for Gaz)
Metro Limited Partnership and its parents, Green Mountain)
Power Corporation ("GMP") and Vermont Low Income Trust)
for Electricity, Inc. ("VLITE") for approval of: (1) the merger)
of Danaus into and with CVPS, (2) the acquisition by NNEEC)
of CVPS and certain other Vermont companies, (3) the)
amendment to CVPS's Articles of Association, (4) the merger)
of CVPS into and with GMP, and (5) the acquisition by)
VLITE of a controlling interest in Vermont Electric Power)
Company, Inc.)

1

Docket No. 7770

OPPOSITION TO PETITION FOR INDEPENDENT COUNSEL

The Vermont Electric Power Company, Inc. and Vermont Transco LLC (together referred to herein as "VELCO") do not support the request of several ratepayers ("Ratepayers") to appoint an independent counsel to represent the state in this proceeding. This proceeding presents complex issues in an industry subject to considerable federal and state oversight. There is no better advocate for the state in this proceeding than the expert agency whose primary responsibility is to pursue the public interest in proceedings before the Public Service Board. The Board should deny the petition to appoint an independent counsel.

Petitioners have provided sound and persuasive reasons to deny Ratepayers' Petition for an Independent Counsel, which alleges that the Department of Public Service is compromised and will not adequately challenge the merger proposal. VELCO supports Petitioners' opposition to the petition and agrees with Petitioners that the Department is neither compromised nor conflicted in this case. In addition, VELCO opposes the appointment of an independent counsel because the request misapprehends the regulatory context in which the merger proposal arises, particularly with respect to VELCO.

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Ratepayers base their petition for an independent counsel on the mistaken belief that the state's bulk transmission system is not subject to legally enforceable open access and non-discrimination requirements:

The merged utility will allow Gaz Metro to play a significant role in deciding in which regions and towns it wishes to propose constructing transmission lines and infrastructure The environmental future of our state as well as our energy future will be planned by Gaz Metro, not Vermont planner and utilities.

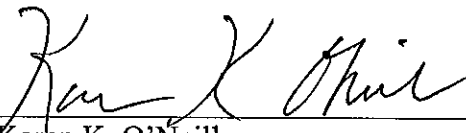
[T]he state's transmission system must be operated in a fully transparent manner and provide open access with a level playing field for all participants, in order to ensure a fully efficient and competitive electricity market place.

Ratepayers' Pet. at 5-6, 7. Under well-established federal law, the high-voltage transmission systems in the United States, including VELCO's in Vermont, must be open to all users in a non-discriminatory and transparent manner. See 16 U.S.C.A. §§ 824d -824e (requiring transmission operators to provide service without discrimination or preference at just and reasonable rates); *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities*, 75 FERC 61,080 (1996) ("Order 888") (establishing open access requirements for transmission operators affiliated with electric distribution utilities). Planning for Vermont's bulk electricity infrastructure takes place both at the state and regional level since Vermont's system is interconnected with the region. In Vermont VELCO works through the Vermont System Planning Committee, of which the Vermont Department of Public Service is a member. At the regional level VELCO works through and with ISO-NE, which has responsibility for assuring system reliability and planning throughout New England. In addition, planning and operation of VELCO's transmission system are subject to standards of conduct rules to ensure that no generator or distribution utility receives a market advantage due to its relationship with VELCO. See 18 C.F.R. §§ 358.1 – 358.8 (setting forth rules to ensure transmission providers treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis). It is critical that a representative of the public understands these requirements to properly prosecute the public's case in this proceeding.

The Department of Public Service has years of experience with the state and federal open access and planning requirements applicable to VELCO and the state's other electric utilities. The Department will be able to focus on the real issues presented by the merger petition rather than spend time examining issues that are already settled under the law. Unlike an independent counsel, the Department of Public Service will not have to "come up to speed" to understand the complex electric utility regulatory regime or the particular facts and circumstances at issue here with VELCO and its owners. The state, as well as the Public Service Board, will benefit from a public representative who understands the federal and state authority governing VELCO and its bulk transmission system. The public interest will be served by allowing the Department of Public Service to execute its statutory duties in this proceeding and not by appointing an independent counsel in response to a request based in part on a misunderstanding of the governing law.

For the foregoing reasons, Ratepayers' Petition for an Independent Counsel should be denied.

**VERMONT ELECTRIC POWER COMPANY, INC.
VERMONT TRANSCO LLC
VERMONT ELECTRIC TRANSMISSION
COMPANY, INC.**

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