

VILLAGE OF LYNDONVILLE
ELECTRIC DEPARTMENT

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Dear Neighbor:

June 23, 2009

Vermont Electric Power Company (VELCO) and Lyndonville Electric Department (LED) are writing to share our plans for a project in your area. Caledonia County's electric grid is currently in need of reinforcement to ensure it can withstand failures caused by events such as severe weather and equipment failure. To improve northeastern Vermont's electric system reliability and meet the growing needs of LED's service area, VELCO proposes to construct and own a new substation on VELCO property adjacent to the northern edge of the Village of Lyndonville's No. 2 Substation on Hill Street in Lyndon. LED will also be constructing facilities to connect to the new substation. A more detailed project description is included with this letter.


In meeting our electric system reliability requirements, VELCO and LED sought to use existing line corridors and current facility boundaries wherever possible. The companies have also successfully completed our preliminary environmental review and are designing the substation to avoid any undue aesthetic, noise, and environmental impacts. Alternatives to the project as proposed were analyzed and found inadequate to solve the problem economically. We believe this needed reliability project is consistent with the Lyndon town plan and the regional plan of surrounding towns.

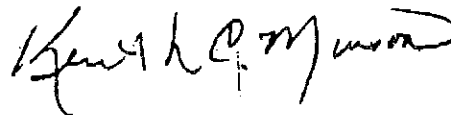
VELCO and LED propose to file for permission to construct the project with the Vermont Public Service Board on or before September 1, 2009. LED has been engaged in discussions with local leaders about this low-impact project for some time. Both companies will continue to hold formal and informal discussions regarding the project in your area to discuss your feedback and answer any questions. In the immediate future we plan to request a waiver of a requirement that we provide a 45-day advance comment period to local officials. This is simply to see if we can file earlier to lower costs by completing the project in 2010.

Your understanding and support for this reliability upgrade is important to us. We welcome the opportunity to describe the project and to discuss any concerns you may have. VELCO will post project information and its Public Service Board filing on its website, <http://www.velco.com>, which organizes such information by project area. The project design will not be final and ready for construction until after approval by the Public Service Board. For additional information regarding this process, please refer to the "Guide to the Vermont Public Service Board's Section 248 Process" which can be found at <http://www.state.vt.us/psb/>.

If you are interested in a presentation on the project or have questions, please don't hesitate to contact me at 802-770-6319 or smallory@velco.com. I will be away until July 6th, if you have questions prior to my return, please contact Kim Pritchard at 802-770-6232 or kpritchard@velco.com. If you are a customer of LED you may also contact Ken Mason at 802-626-3366 for questions regarding the reliability need for the project. Thank you for your participation in this process.

Sincerely,


Scott Mallory, Project Manager
Lyndonville Substation Project
(802)770-6319



Kenneth Mason
Manager, Lyndonville Electric Department
(802)-626-3366

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Lyndonville Substation Project Overview

Vermont Electric Power Company (VELCO) and Lyndonville Electric Department (LED) are proposing to construct a substation on lands owned by VELCO (the "Lyndonville Substation Project"). The purpose is to provide a redundant path to power Caledonia and Essex counties ensuring adequate supply for present and forecasted demand during all conditions, including equipment maintenance and failure. VELCO's property is located adjacent to the northern edge of the LED No. 2 Substation on Hill Street in Lyndon, Vermont. The Project and related upgrades will improve reliability for Caledonia and Essex Counties.

The need for a second transformer in the St. Johnsbury area was identified in VELCO's 2006 Long Range Transmission Plan, and the Lyndonville Substation Project was identified in VELCO's 2009 Long Range Transmission Plan. The potential to defer the Project using non-transmission alternatives was studied and discussed with the Vermont System Planning Committee. VELCO and LED determined that non-transmission alternatives are not viable or suitable replacements for the lack of redundancy in the transmission system in Caledonia County. Compared to other transmission alternatives, this Project does not require any new transmission lines that would involve new or expanded corridors. In addition, proposing the substation immediately adjacent to existing transmission lines, instead of at a more distant location, will reduce environmental and aesthetic impacts.

Lyndonville Substation Project Plans:

The Project consists of the following specific components:

- Construct a new substation at Lyndon (four breaker 115 kV ring and five breaker 34.5 kV ring) with a 56 MVA 115/34.5 kV transformer and two 115 kV 12.5 MVAR capacitor banks.
- Modification to the existing adjacent 115 kV transmission line to connect to the Lyndonville Substation.
- Modification to the existing adjacent 34.5 kV subtransmission lines to connect to the Lyndonville Substation.

Reliability will be improved for both LED and Central Vermont Public Service customers in Caledonia and Essex counties as the new Lyndonville Substation, along with an existing sub-transmission line between the utility service areas, will prevent loss of power during failure or maintenance of equipment within either the St. Johnsbury or Lyndonville Substations or this sub-transmission line in between. In addition, the Lyndonville Substation will allow for expected load growth at a local ski resort.

Lyndonville Substation Project Impacts:

Although Project design engineering has not yet been completed, we do not anticipate any significant environmental impacts. During the design process we have cataloged and verified environmental features to avoid impacts to wetlands, water quality, soil erosion, wildlife habitat, rare plants/species/areas, and below ground and above ground historic resources. In addition, the Project is being designed to avoid any undue aesthetic or noise impacts.

We plan to begin construction immediately after receipt of Public Service Board approval and to complete the Project before the winter of 2010. We will be working with the affected town officials and landowners to coordinate equipment deliveries in a manner to minimize traffic impacts.

We believe this Project to be consistent with the plans of the Town of Lyndon, Village of Lyndonville and the Northeast Vermont Development Association as it supports existing and projected electrical loads within Lyndon, Sutton, Burke, Newark, Westmore, Kirby, Victory, East Haven, Concord, Lunenburg, Guildhall, Granby, St. Johnsbury, Waterford, Barnet, Danville, Walden, Wheelock Sheffield, and Glover areas, and will promote economic development.