

## **BOARD APPROVES SUBSTANTIALLY CONDITIONED AND MODIFIED TRANSMISSION SYSTEM UPGRADE**

Montpelier, Vermont — January 28, 2005

In an Order issued today, the Vermont Public Service Board has approved a modified version of the transmission system upgrade proposed by VELCO (the entity that owns and manages bulk transmission facilities in Vermont) and Green Mountain Power Corporation. The Board's approval is subject to significant conditions designed to substantially reduce negative impacts from the new transmission facilities.

The Board found that increased electric demand in northwestern Vermont, in conjunction with the lack of major improvements to Vermont's transmission system for many years, has resulted in lower-than-desirable levels of reliability for that region.

The Board evaluated alternative transmission investments and measures to address the problem through non-transmission investments. Technical problems or excessive costs make alternative transmission upgrades undesirable. Non-transmission alternatives are not available for many of the proposed upgrades, including the proposed 115 kV line between New Haven and South Burlington. For the remaining upgrades that might be replaced by non-transmission alternatives, the most attractive would require the occurrence of both: (i) a major reduction in expected demand (achieved through increased spending for energy efficiency); and (ii) building and fueling at least three new mid-size 40 MW bulk generation power plants in Chittenden County. The efficiency investments, although unprecedented in Vermont, appear feasible and desirable. However, the timely availability of the necessary new generating plants and the facilities to fuel them is at best uncertain. Consequently, the Board concluded that some version of the proposed transmission project is needed.

The Board examined the mitigation efforts that would be needed to offset or minimize any undue adverse effects of the necessary transmission construction, on both project-wide and site-specific levels. On a project-wide basis the Board is requiring mitigating measures such as use of low-reflective wire. In addition, the Board is requiring a post-certification process to further address and mitigate site-specific impacts of the proposed project. Based on existing site reviews, the Board's Order already requires numerous mitigation measures, including re-location of many poles, lowering of many poles, substantially increased vegetative screening, low-noise equipment in some substations, the placement of approximately 1.4 miles of 115 kV transmission line underground in the Bay Road area close to the shore of Lake Champlain in Shelburne, the relocation of the proposed expanded substation near New Haven, and submission of an improved VELCO proposal for its 115 kV transmission line near Ferry Road in Charlotte.

As part of its analysis, the Board has given specific consideration to assertions that the electromagnetic fields ("EMF") that will result from the project will produce undue adverse health effects. The Board concluded that the overall state of scientific knowledge is best expressed in the report of the National Institute of Environmental Health Sciences, stating that: "[t]he scientific evidence suggesting that

ELF-EMF exposure poses any health risk is weak." In particular, EMF levels drop rapidly to extremely low levels with even small increases in distance from transmission lines. As a result, the Board is continuing Vermont's policy of "prudent avoidance." In practice this means "policies that limit magnetic field exposure whenever this can be done for a small investment of money and effort." Consistent with this policy, the Board has considered EMF issues as one, limited, factor in the multi-factor determination of whether to place any specific sections of a line underground on a site-specific basis.

The Board further concluded that there are significant flaws in VELCO's planning processes. Those flaws fall into at least two categories: (I) deficiencies in forecasting expected electricity demand on a seasonal and region-wide level, leading to a need to consider and install new facilities in a shorter time-frame than desirable; and (ii) deficiencies in the early consideration of a range of feasible alternatives (such as focused intense efficiency efforts), leading to the present situation in which transmission construction must be chosen as the least-cost reliability solution, despite the fact that an earlier, greater, effort at efficiency might have opened up alternatives. In order to make sure that this situation does not recur in the future, the Board is opening a new investigation, focused on improving VELCO's forecasting abilities, translating those improvements into information for the rest of society, and re-considering the least-cost planning and implementation responsibilities of VELCO and its owners.

Several other important conditions are specified in the Board's decision and summarized in its introduction and ordering clauses.

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