

**Senate Finance
Committee
Intro to VELCO &
Fiber Discussion**

February 27, 2019



ABOUT VELCO



Mission, Vision & Values

Our mission

VELCO's mission is to serve as a trusted partner.

Our vision

VELCO's vision is to create a sustainable Vermont through our people, assets, relationships and operating model.

Our values

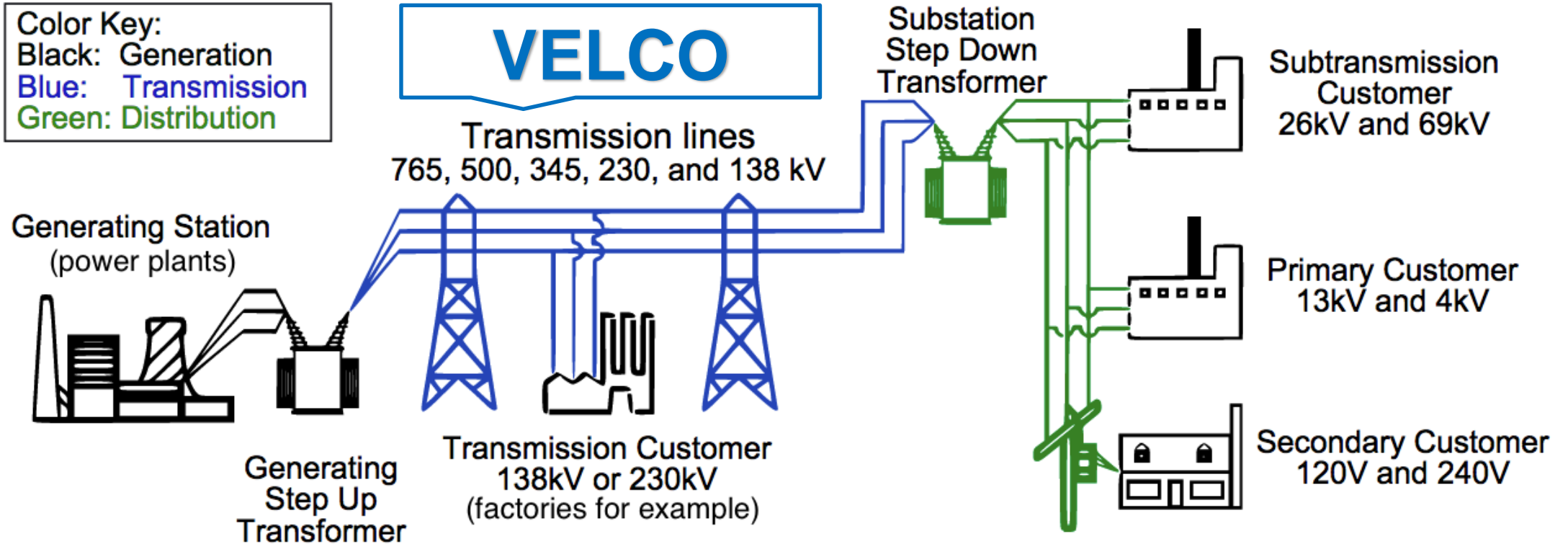
VELCO values people, safety, sustainability, creativity and great work.

To live our values we...

- Treat everyone with respect.
- Respond with urgency and care.
- Unconditionally support and empower one another.
- Share information.
- Think outside the box.



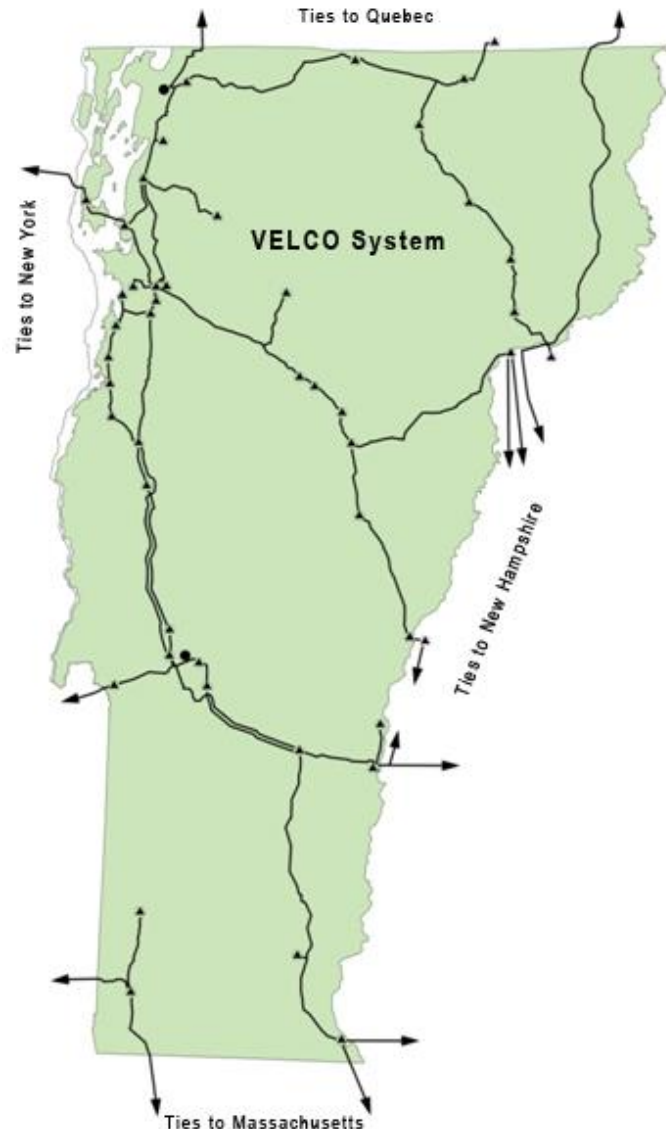
Transmission's Role in the Electric System



Quick facts about VELCO

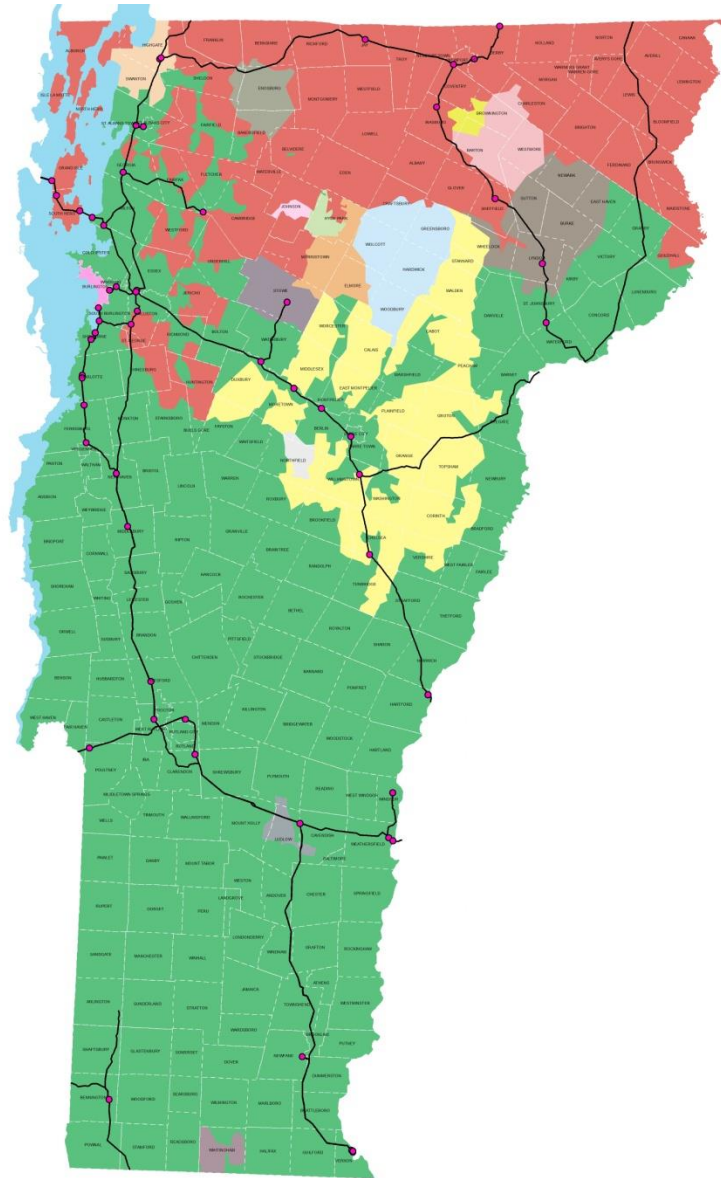
- Founded in 1956 as Vermont corporation
- 148 employees; HQ in Rutland; office in Montpelier
- Builds, operates, maintains facilities owned by VT Transco LLC
 - 738 miles of transmission lines; **1,500 miles fiber**; 14,000 acres of ROW; 55 substations, switching stations, terminal facilities
 - \$1.3B in assets; \$21.6M in annual property taxes
 - 52-mile high-voltage direct current line through Northeast Kingdom owned by Vermont Electric Transmission Company (VETCO)
- Ownership—17 distribution utilities, Vermont Low-Income Trust for Electricity or VLITE (public benefit corporation)
- Governance—13 member board: GMP(4), BED, VEC, VPPSA, Public Power (2), VLITE (3) and VELCO CEO
- For profit corporation structured to deliver cooperative benefits to Vermont
- Going into our sixth year in a row of flat budgeting

VELCO milestones



- 1956 VELCO formed-1st buildout (224 miles)
- 1968 NERC & NEPOOL established
- 1969 2nd buildout (215 miles)
- 1972 Vermont Yankee online (600MW)
- 1981 VELCO headquarters built
- 1982 VETCO formed/Phase 1 construction
- 1991 Fiber optic cable
- 1996 OATT issued
- 1997 ISO-NE created
- 2003 Northeast US blackout
- 2004 ISO-NE assumes system planning
- 2006 VT Transco formed; first Long-Range Plan
- 2006 NERC becomes US electric reliability organization adopts mandatory, enforceable standards
- 2007 3rd buildout starts (200 miles): NRP, LCP and SLP; VSPC created
- 2011 Sheffield Wind Project online
- 2012 GMP merger; VELCO governance changes
- 2013 1st transmission project deferral
- 2014 Vermont Yankee retires
- 2018 >300 MW of solar online; Coolidge Solar interconnects

Vermont distribution utility owners of VELCO



- Stations
- Transmission Lines
- VT Distribution Utilities**
- Burlington Electric Dept.
- Green Mountain Power
- Ludlow Electric Light Dept.
- Swanton Village Electric Dept.
- Vermont Electric Co-op
- Village of Barton
- Village of Enosburg Falls
- Village of Hardwick
- Village of Hyde Park
- Village of Jacksonville Electric Dept.
- Village of Johnson
- Village of Lyndonville Electric Dept.
- Village of Morrisville Water & Light Dept.
- Village of Northfield
- Village of Orleans
- Village of Stowe Electric Dept.
- Washington Electric Co-op

VELCO substations connect to the sub-transmission systems of...

- BED (20,000 customers)
- GMP (254,000 customers)
- Lyndonville (5,200 customers)
- Swanton (3,500 customers)
- Stowe (3,942 customers)
- VT Electric Co-op (34,000)

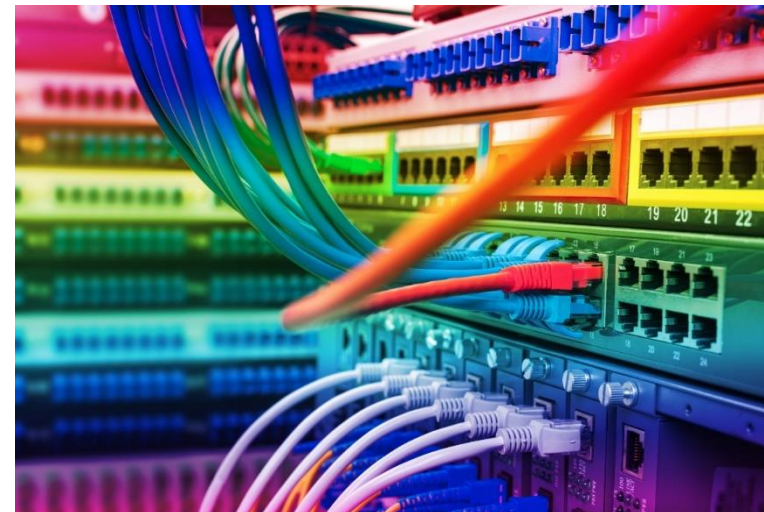
Benefit to Vermont Consumers from VELCO Financial Structure:

	Budget 2019
New England Open Access Transmission Tariff	88,500
1991 Vermont Transmission Agreement	41,100
Earnings before tax	(93,900)*
<i>Net Cost of Transmission</i>	<i>35,700</i>

- ***100% of VELCO's earnings flow directly back to DU owners and then back to Vermont consumers through DU rates (reductions) or dividends.***

Strategies to leverage existing people and infrastructure to create added value for Vermont Consumers:

- Use of radio and fiber systems to help Vermont utilities meet their needs (e.g. connectivity into DU substations to improve real-time grid management)
- Leveraging capacity in VELCO's new EMP-Proof data center to provide services for Vermont's DUs (owner utilities)
- Providing other products & services (e.g. rental of construction mats, engineering services, etc...) to owner utilities and others



Actively marketing products and services to non-shareholder clients

Recently signed contract to meet data connectivity needs of Northern Vermont University at market rate

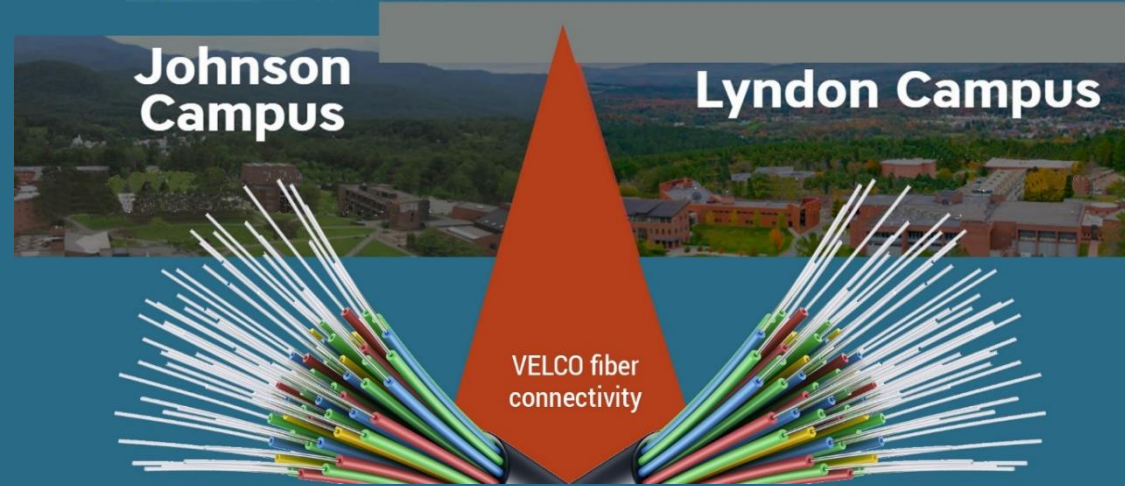
Revenue offsets a portion of our overhead and can contribute to our bottom line

Uses an asset to do good for Vermont



Johnson Campus

Lyndon Campus



Contact Info

- John Flynn, VP for Strategy and Business Development
- Mark Sciarrotta, Communications Director and Assistant General Counsel
- Shana Louiselle, Communications and Policy Advocate

jflynn@velco.com

msciarrotta@velco.com

slouiselle@velco.com