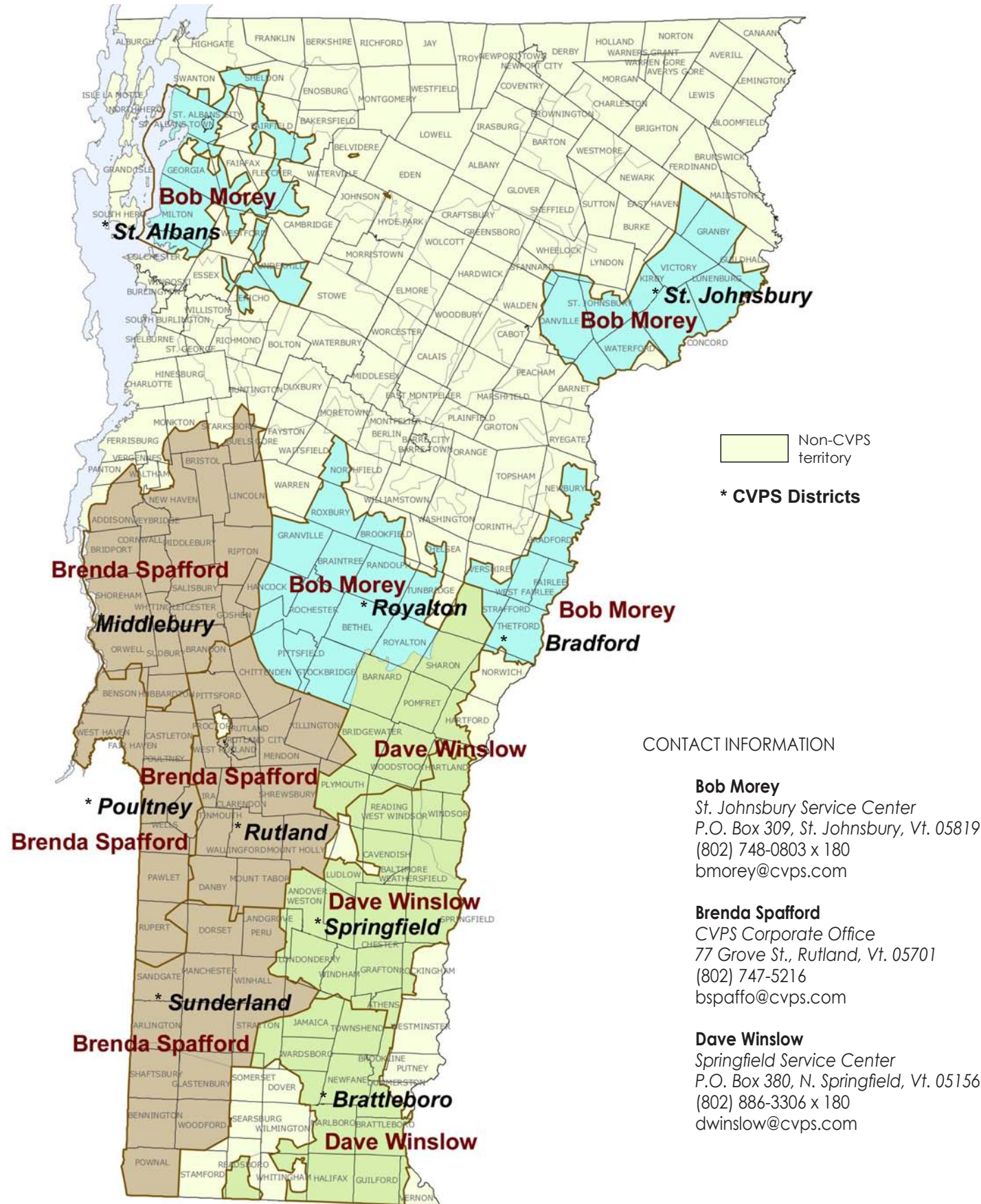


Have you seen your Senior Energy Consultant lately?



CONTACT INFORMATION

**Bob Morey**  
 St. Johnsbury Service Center  
 P.O. Box 309, St. Johnsbury, Vt. 05819  
 (802) 748-0803 x 180  
 bmorey@cvps.com

**Brenda Spafford**  
 CVPS Corporate Office  
 77 Grove St., Rutland, Vt. 05701  
 (802) 747-5216  
 bspaffo@cvps.com

**Dave Winslow**  
 Springfield Service Center  
 P.O. Box 380, N. Springfield, Vt. 05156  
 (802) 886-3306 x 180  
 dwinslow@cvps.com



**Central Vermont Public Service**  
 77 Grove Street, Rutland, Vermont 05701  
 Phone Number: 1-800-649-2877



*CVPS President and CEO Larry Reilly and GMP President and CEO Mary Powell spoke to reporters at a press conference at the Paramount Theatre in Rutland in mid-July. Rutland will be the merged company's Headquarters for Operations and Energy Innovation. Powell toured CVPS's facilities during one of many visits in July.*

# customer CURRENTS

## CVPS to merge with GMP into one stronger company

Central Vermont Public Service and Gaz Métro Limited Partnership have announced an agreement for the sale of CVPS. This clears the path for the combination of CVPS and Green Mountain Power Corporation, a subsidiary of Gaz Métro, into one stronger utility for Vermonters. The sale must be approved by state and federal regulators, and is expected to take six to 12 months to close.

The agreement provides significant benefits for customers, community, employees and shareholders, including \$144 million in customer savings over 10 years, a Vermont ownership interest in VELCO, the state transmission company, and the establishment of the Headquarters for Operations and Energy Innovation in Rutland.

"CVPS and GMP will together become a stronger, more efficient enterprise, built on our deeply held mutual commitment to Vermont," GMP President and CEO Mary Powell and CVPS President and CEO Larry Reilly said. "We believe that this is not only a tremendous opportunity for CVPS and GMP, but for Vermont's economy at this critical time. Our combined resources will allow us to continue to provide competitively priced power, which is necessary for vibrant communities and a growing economy, and strengthen our commitment to low-carbon electricity in sync with the environmental ethic of our state."

The agreement provides a number of unique benefits for customers. First, the combination of the two companies will deliver \$144 million in savings for customers over the next decade – with even greater savings continuing into the future. These savings will be achieved through more efficient distribution of resources, equipment and facilities throughout a more contiguous service territory, regulatory savings and improved purchasing leverage with vendors and service providers. Savings will not be achieved through layoffs – other than some executive officers – but instead through natural retirements and turnover, which will allow for the smooth integration of both companies' workforces.

"Also, through the contribution of VELCO stock to a public trust, this deal presents a dual benefit by helping our neighbors in need, as well as giving Vermonters an important ownership stake in the operation of the state's most important transmission asset," Reilly and Powell said. The establishment of a public trust with \$1

**See Merger, inside**



**Central Vermont Public Service**  
 Large Customer Newsletter  
 2nd Quarter 2011  
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# Merger: Benefits included improved reliability, customer service

## Continued from front page

million in annual income to support a low-income rate program is made possible by an annual dividend generated through a contribution of VELCO stock, as well as an annual charitable contribution from the combined entity. The contribution of VELCO stock to the public trust means that the new combined entity will hold less than 50 percent of VELCO voting stock, and control of VELCO will remain with Vermont entities.

There are a number of important ways that the combination of CVPS and GMP will improve reliability and service for Vermonters. A contiguous service territory and one Operation Headquarters will streamline storm response to restore power faster and reduce the

overall frequency and duration of outages. Also, with the benefit of the combined utility's information technology resources, it will be able to move basic services online more swiftly, and allow customer service representatives to provide more personalized service, which will be especially important for the implementation of the statewide Smart Grid initiative.

The companies agreed that CVPS's historic commitment to its hometown of Rutland will remain part of the new utility's corporate culture. To ensure that commitment, the merged company will locate its Headquarters for Operations and Energy Innovation in Rutland, and pledge to build on CVPS's extensive community support efforts.

For more information, visit the news section at [www.cvps.com](http://www.cvps.com).



Here are the facts about our new program and how it can help you save energy and money.

CVPS SmartPower® is CV's "smart grid" solution designed to modernize and automate the electrical grid, provide automated meter reading, and empower consumers to make better energy choices. The plan includes two-way communications systems and strategies to introduce new rate designs such as dynamic pricing and demand response programs. It focuses on improvements to the reliability of the grid, quicker storm recovery, and better incorporation of small renewable generators into the system.

### How will the CVPS SmartPower® technology upgrades be paid for?

Federal stimulus funding for statewide smart grid technologies has accelerated the pace at which improvements make sense for Vermont. In October of 2009, Vermont's electric utilities were awarded approximately \$69 million in ARRA funds to cover half of the cost of modernizing the electric grid over the next three years, ending in 2013. These grid updates will lay the foundation for a fully integrated CVPS SmartPower® system.

### How does a "smart grid" work?

CVPS SmartPower® will move electricity from generation sources to our customers with digital technology and two-way communications between customers' meters and CVPS. A smart grid that is combined with the electricity distribution system allows us to have a better overview of the energy needs on the grid.



### Why do we need new meters?

The new digital meters will help us improve service to you and provide you with far more information about your energy consumption, which in turn can help you make better consumption choices. Your new meter will also allow instant meter reads. This will tell us immediately if your power goes out and will help us operate the grid in a safe and reliable way, particularly when energy demands are high.

### How are the new meters different from the old ones, and how will the change affect me?

CVPS SmartPower® meters will measure consumption with digital technology that we can read remotely. Digital meters mean that CVPS will no longer have to drive every mile of road in its service territory each month to read meters, a change that saves fuel and reduces air emissions. Finally, although we currently read meters for the vast majority of monthly bills, and estimate only a small number, the new meters should eliminate the need for any further monthly estimation. Together with the elimination of potential human errors in reading meters, this will help us provide more accurate information to you.

### Will CVPS SmartPower® affect my current electric bill?

Overall, the cost of implementing CVPS SmartPower® is not expected to have a noticeable effect on our rates.

*Continued on next page*

Cumulative rate increases related to the project are expected over the first five years totaling less than 1 percent. Due to the operational and maintenance savings CVPS SmartPower® will make possible, our rates are projected to be lower than they otherwise would have been over the life of the project.

### Will CVPS install the new meters?

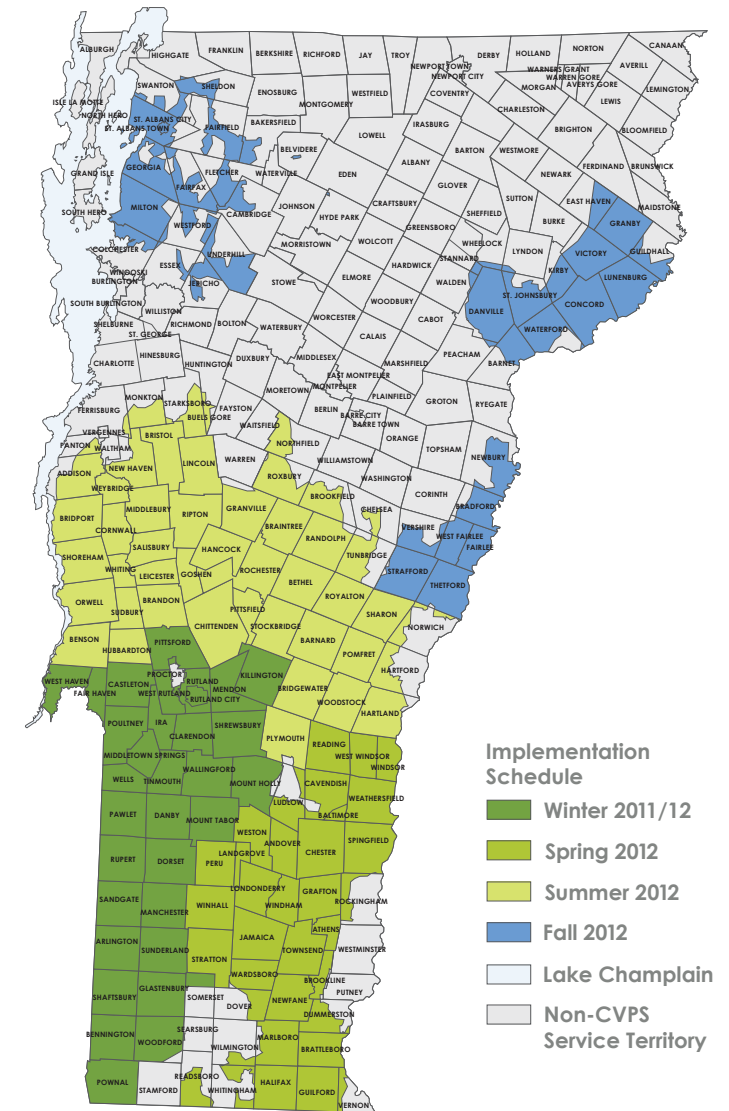
The new meters will be installed by contractors working directly for and supervised by CVPS employees. They will use vehicles and wear uniforms that identify them as CVPS contractors.

### Since this is a new technology, how do we know the new meters will be accurate?

Meter accuracy is critical to us and our customers. Normal testing shows that analog and digital meters are both more than 99.5 percent accurate. We test meters for accuracy regularly and every smart meter will be tested by the manufacturer before installation. CVPS will also test a sample of each meter shipment.

### When will CVPS SmartPower® be available to me?

We're working hard to get CVPS SmartPower® to our customers. While we will not be installing meters until late 2011 through 2012, during the process, we'll work hard to keep you well informed regarding the installation. See implementation map to right for CVPS's rollout plan.



Learn more about the program at [www.cvps.com/smartpower](http://www.cvps.com/smartpower).

# Safety is our top priority when storms hit

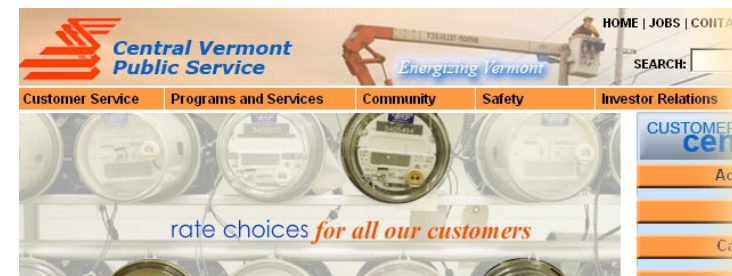
When electricity goes out, CVPS's first concern is safety. Line work and downed lines present great risks to employees and customers, so safety is a grave concern. Always stay at least 50 feet from downed lines!

When major storms hit and outages occur, we try to restore service to all of our customers as soon as possible. Here's a look at our priorities:

1. Problems that present an imminent danger to life.
2. Failure at a key point in our system affecting thou-

sands of customers, such as a transmission line (a main highway of the power system).

3. Main distribution lines, which are smaller than transmission lines, but may serve hundreds of customers.
4. Hospitals, police and fire stations, and other critical facilities.
5. Single lines.
6. Single customers.
7. Cleanup work.



## LEARN MORE

Learn more about CVPS and our business services on our Web site at: <http://www.cvps.com/CustomerService/BusService.aspx>