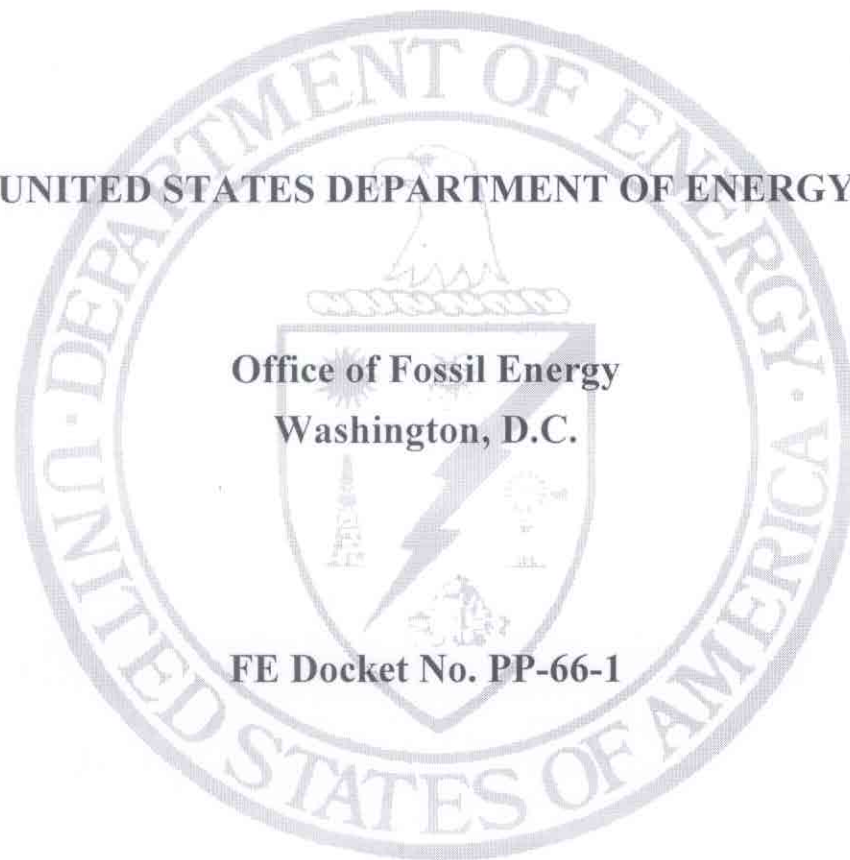


UNITED STATES DEPARTMENT OF ENERGY



**Office of Fossil Energy
Washington, D.C.**

FE Docket No. PP-66-1

Vermont Electric Power Company, Inc.

Presidential Permit

Order No. PP-66-1

November 5, 2003

PRESIDENTIAL PERMIT

Vermont Electric Power Company, Inc.

ORDER NO. PP-66-1

I. BACKGROUND

The Office of Fossil Energy (FE) of the Department of Energy (DOE) has the responsibility for implementing Executive Order (EO) 10485, as amended by EO 12038, which requires the issuance of Presidential permits for the construction, operation, maintenance, or connection of electric transmission facilities at the United States international border.

On June 21, 1979, DOE issued Presidential Permit PP-66 to Citizens Utilities Company (now Citizens Communications Company; "Citizens") for one 120,000-volt (120-kV) electric transmission line that crosses the United States border with Canada near Derby Line, Vermont, and interconnects with similar transmission facilities in Canada owned by Hydro Quebec.

On August 21, 2003, Citizens and Vermont Electric Power Company, Inc. (VELCO), a Vermont corporation comprised of several electric utilities operating in Vermont, jointly filed an application to voluntarily transfer Presidential Permit PP-66 from Citizens to VELCO. VELCO proposes to purchase Citizens' transmission facilities in northern Vermont, including the international transmission facilities that are the subject of PP-66. VELCO currently owns and operates most of the bulk transmission facilities in Vermont.

In their application, VELCO and Citizens stated that the change in ownership will not result in any physical changes to the existing permitted facilities. However, in a related proceeding in FE Docket PP-66-2 (68 FR 58320, October 9, 2003) VELCO has requested that DOE authorize a change in the operation of the PP-66 facilities to provide for improved reliability of VELCO's bulk-transmission system in northern Vermont. As described more fully in that application, several physical modifications to the existing transmission facilities in Vermont are required to affect VELCO's proposed change in operation. The environmental and electric reliability impacts associated with those physical modifications will be addressed in the PP-66-2 proceeding.

Notice of the request for voluntary transfer of Presidential Permit PP-66 was published in the *Federal Register* on September 2, 2003, (68 FR 52187) requesting that comments, protests, and petitions to intervene be submitted to DOE by October 2, 2003. None were received.

The Department of State and the Department of Defense have concurred in the issuance of the requested Presidential permit.

II. DISCUSSION

In FE Docket No. 99-1 (64 FR 40586, July 27, 1999), DOE indicated its intention to amend certain Presidential permits to require permit holders to provide non-discriminatory open access transmission services over their international transmission lines. That proceeding has not yet been concluded. However, in the notice of that proceeding, the cross-border facilities permitted to Citizens that are the subject of this permit proceeding were included in a list of facilities proposed to receive this open access condition. DOE intends to address the need to further amend this permit being issued to VELCO by adding an open access condition at a later time with the conclusion of the above proceeding in Docket No. 99-1

III. FINDING AND DECISION

Since the change in ownership of the international transmission facilities previously authorized to Citizens in Presidential Permit PP-66 would not result in any change in the operation of the subject facilities, DOE has determined that the proposed change of ownership would not adversely impact the reliability of the U.S. electric power supply system.

DOE has also determined that this action is among those classes of actions not normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion (CX) under Appendix A to Subpart D, paragraph A7 of the revised DOE NEPA Guidelines. Specifically, this CX is for the transfer, lease, disposition or acquisition of interests in personal property (e.g., equipment and materials) or real property (e.g., permanent structures and land), if the property use is to remain unchanged; i.e., the type and magnitude of impacts would remain essentially the same. Documentation of the use of this categorical exclusion has been placed in this Docket.

IV. ORDER

Pursuant to the provisions of EO 10485, as amended by EO 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, section 205.320 et. seq.), permission is granted to VELCO to construct, operate, maintain, and connect electric transmission facilities previously permitted to Citizens in Presidential Permit PP-66, at the international border of the United States and Canada, as further described in Article 2 below, upon the following conditions:

Article 1. The facilities herein described shall be subject to all conditions, provisions and requirements of this permit. This permit may be modified or revoked by the President of the United States without notice, or by DOE after public notice, and may be amended by DOE after proper application thereto.

Article 2. The facilities covered by and subject to this permit shall include one, 120,000-volt (120-kV) transmission line that crosses the United States border with Canada near Derby Line, Vermont, and all supporting structures within the right-of-way occupied by such facilities.

Article 3. The facilities described in Article 2 above shall be designed and operated in compliance with all policies and standards of the North American Electric Reliability Council or its successor, Regional Councils, or independent system operators, as appropriate, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

Article 4. No change shall be made in the facilities covered by this permit or in the authorized operation of these facilities unless such change has been approved by DOE.

Article 5. VELCO shall at all times maintain the facilities covered by this permit in a satisfactory condition so that all requirements of the National Electric Safety Code in effect at the time of construction are fully met.

Article 6. The operation and maintenance of the facilities covered by this permit shall be subject to the inspection and approval of a properly designated representative of DOE, who shall be an authorized representative of the United States for such purposes. VELCO shall allow officers or employees of the United States, with written authorization, free and unrestricted access into, through, and across any lands occupied by these facilities in the performance of their duties.

Article 7. VELCO shall investigate any complaints from nearby residents of radio or television interference identifiably caused by the operation of the facilities covered by this permit. VELCO shall take appropriate action as necessary to mitigate such situations. Complaints from individuals residing within one-half mile of the center of the transmission line are the only ones which must be resolved. VELCO shall maintain written records of all complaints received and of the corrective actions taken.

Article 8. The United States shall not be responsible or liable: for damages to or loss of the property of, or injuries to, persons; for damages to, or loss of the facilities covered by this permit; or for damages to, or loss of the property of, or injuries to the person of VELCO officers, agents, servants or employees or of others who may be on said premises; any of which may arise from or be incident to the exercise of the privileges granted herein; and VELCO shall hold the United States harmless from any and all such claims.

Article 9. VELCO shall arrange for the installation and maintenance of appropriate metering equipment to record permanently the hourly flow of all electric energy transmitted

between the United States and Canada over the facilities authorized herein. VELCO shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Canada. VELCO shall furnish annual reports to DOE, by the 15th of February each year, detailing for each month of the previous year: (1) the gross amount of electricity imported into the U.S., in kilowatt hours; (2) the consideration associated with the import; and (3) the maximum hourly rate of transmission, in kilowatts. Annual reports must be filed regardless of current activity and whether or not electric energy has been delivered or received. If no transactions have been made, a one-sentence report indicating “no activity” for the previous year is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

Article 10. Neither this permit nor the facilities covered by this permit, or any part thereof, shall be transferable or assignable, except in the event of the involuntary transfer of the facilities by the operation of law. In the case of such an involuntary transfer, this permit shall continue in effect for a period of 60 days and then shall terminate unless an application for a new permit pursuant to Title 10, Code of Federal Regulations, section 205.323, has been received by DOE. Upon receipt by DOE of such an application, this existing permit shall continue in effect pending a decision on the new application. During this decision period, the facilities authorized herein shall remain substantially the same as before the transfer.

Article 11. Upon the termination, revocation or surrender of this permit, the international transmission facilities which are owned, operated, maintained, and connected by VELCO and described in Article 2 of this permit, shall be removed and the land restored to its original condition within such time as DOE may specify and at the expense of VELCO. If VELCO fails to remove such facilities and/or any portion thereof authorized by this permit, DOE may direct that such actions be taken for the removal of the facilities or the restoration of the land associated with the facilities at the expense of VELCO. VELCO shall have no claim for damages by reason of such possession, removal or repair. However, if certain facilities authorized herein are useful for other utility operations within the bounds of the United States, DOE will not require that those facilities be removed and the land restored to its original condition upon termination of the international interconnection.

Article 12. This permit shall become effective upon the financial closing of the transfer of ownership of the international transmission facilities identified in Article 2 from Citizens to VELCO. Within a reasonable period of time, VELCO shall notify DOE of the date on which the financial closing took place. Upon the effective date of this permit, Presidential Permit PP-66 issued to Citizens is thereby rescinded.

Issued in Washington, D.C. on November 5, 2003.

A handwritten signature in blue ink, appearing to read "Anthony J. Como", is written over a horizontal line.

Anthony J. Como
Deputy Director, Electric Power Regulation
Office of Coal & Power Import/Export
Office of Coal & Power Systems
Office of Fossil Energy