

UNITED STATES DEPARTMENT OF ENERGY

Office of Fossil Energy

Washington, D.C.

FE Docket No. PP-66-2

Vermont Electric Power Company, Inc.

Presidential Permit

Order No. PP-66-2

February 7, 2005

PRESIDENTIAL PERMIT

Vermont Electric Company, Inc.

ORDER No. PP-66-2

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, connection, operation, and maintenance 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 (VELCO) jointly filed an application with DOE to transfer Presidential Permit PP-66 from Citizens to VELCO. VELCO is a Vermont corporation comprised of several electric utilities operating in the State of Vermont. VELCO currently owns and operates most of the bulk transmission facilities in Vermont, other than those currently owned by Citizens. The joint application by Citizens and VELCO was occasioned by VELCO's proposal to purchase Citizens' transmission facilities in northern Vermont, including the international transmission facilities authorized by Presidential Permit PP-66. On November 5, 2003, DOE issued Order No. PP-66-1 which amended Presidential Permit PP-66 by changing the name of the permit holder from Citizens to VELCO.

On September 3, 2003, VELCO filed a single application with DOE to amend Presidential Permits PP-66-1 and PP-82-2¹ to affect the physical and operational changes to those facilities required to implement VELCO's Northern Loop Project. The Northern Loop Project is a proposal by VELCO to convert the transmission system in northern Vermont from a series of radial transmission lines to a networked system with multiple supply points. The Northern Loop Project is more fully described in the application in this docket.

Notice of VELCO's application to amend Presidential Permits PP-66-1 and PP-82-2 appeared in the *Federal Register* on October 9, 2003 (68 FR 58320) requesting that comments, protests, and petitions to intervene be submitted by November 10, 2003. No comments were received.

¹ The PP-82 facilities, also known as the Highgate Project, consist of a 120-kV transmission line that connects the Hydro-Quebec electric system in Canada with the electrical grid in northern Vermont. The line crosses the U.S.-Canadian border in northwestern Vermont and extends approximately 7.5 miles to Highgate Substation located in Highgate, Vermont. Highgate Substation contains a back-to-back converter station that converts alternating current to direct current and then back to alternating current. Presently, different portions of the facilities that comprise Highgate Substation are owned separately by Citizens and VELCO and are not electrically connected.

The Secretary of State and the Secretary of Defense have concurred in the amendment of Presidential Permit PP-66-1.

II. DISCUSSION

Presently, the facilities authorized by Presidential Permit PP-66-1 consist of one, 120-kV transmission line that crosses the U.S.-Canadian border in the vicinity of Derby Line, Vermont. The transmission line connects to a substation located approximately 565 feet from the border and to Newport Substation. It then extends approximately 52 miles to the west, connecting to Citizens' Highgate substation in northwestern Vermont. The electrical load connected to this transmission line is supplied radially from Canada with no possibility of a back up power supply if the cross-border transmission line were lost for any reason. The Northern Loop Project would disconnect the 52-mile stretch of transmission line from the PP-66-1 facilities and connect the western end of this line to the PP-82-2 facilities at Highgate Substation and the eastern end to a proposed new transmission line to be built between Irasburg Substation and Mosher's Tap. This would allow the load in north-central and northern Vermont that presently is supplied radially from Canada over the PP-66-1 facilities to be supplied from either Highgate or Irasburg Substations. The PP-66-1 facilities would continue to be connected to the border and Newport Substations.

VELCO has submitted technical studies demonstrating the operation of the regional transmission system with the proposed Northern Loop Project in place. The results of those studies demonstrate that the proposed amendment of Presidential Permit PP-66-1 required to implement the Northern Loop Project would improve the reliability of the U.S. electric power supply system.

III. FINDING AND DECISION

DOE has assessed the impact that the construction and operation of the proposed international transmission facilities would have on the reliability of the U.S. electric power supply system. As a result of this review and as discussed above, DOE has determined that the requested modifications to and installations of the proposed international transmission facilities by VELCO would not adversely impact the reliability of the U.S. electric power supply system. The technical studies supporting this finding are part of the docket in this proceeding.

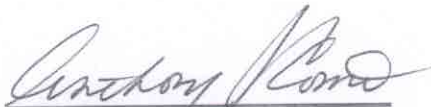
DOE has also determined that the issuance of this Presidential permit clearly would not constitute a major Federal action which could significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969. DOE has documented the rationale supporting this finding in a Finding of No Significant Impact.

IV. ORDER

Pursuant to the provision of EO 10485, as amended by EO 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, §205.320 *et. seq.*), Article 2 of Presidential Permit PP-66-1 is hereby amended to read as follows:

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 in the vicinity of Derby Line, Vermont, and all supporting structures within the right-of-way occupied by such facilities. The subject facilities shall be connected and operated consistent with the implementation of the Northern Loop Project as described more fully in the application on file in this docket.

Issued in Washington, D.C., on February 7, 2005.



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